

Doing Business in the Dubai International Financial Centre



DIFC

Dubai
International
Financial
Centre



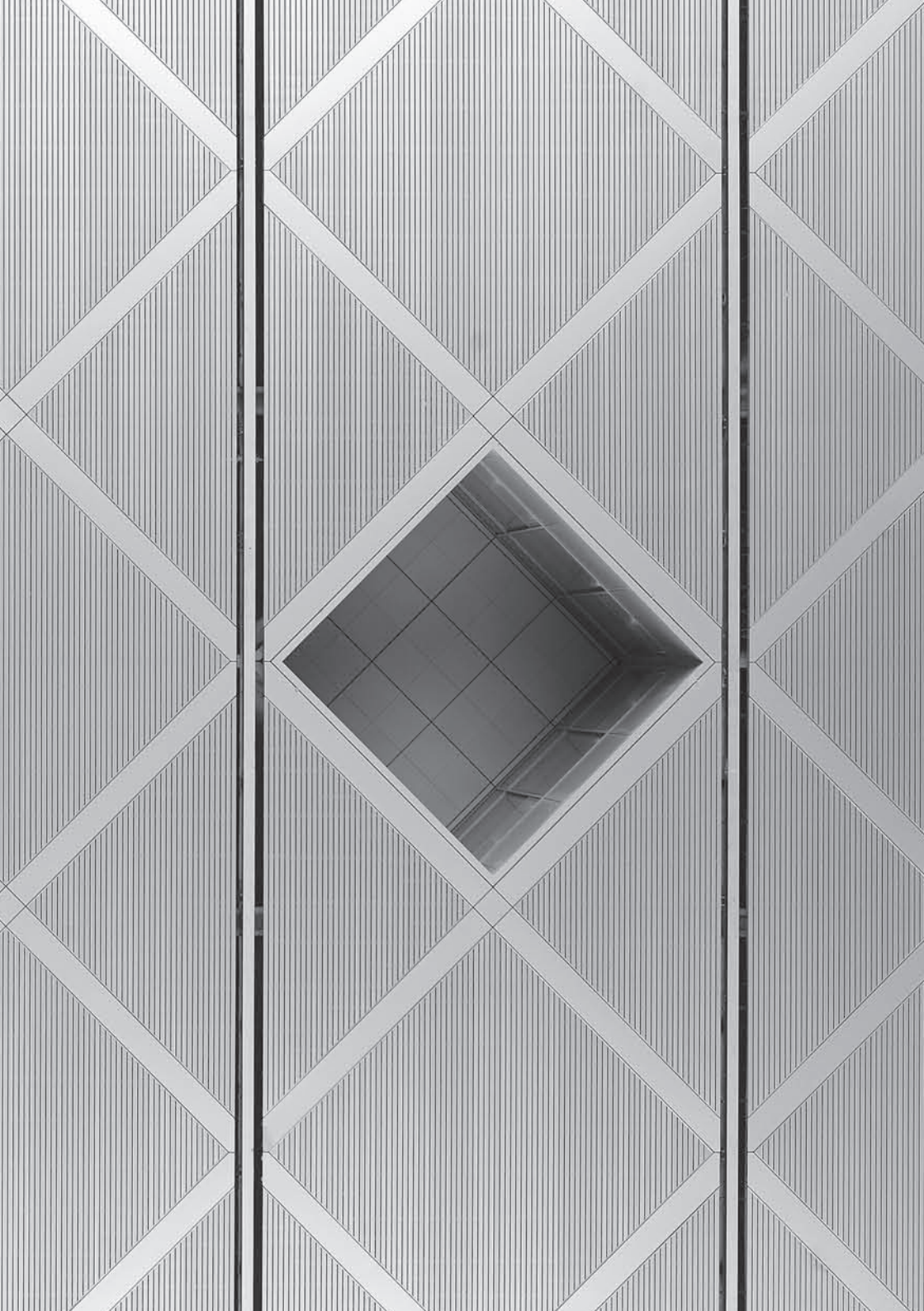
Introduction

The rapid development of the Dubai International Financial Centre (“DIFC”) as a global financial hub has resulted in the expansion of the range of financial services that can be provided from the DIFC. This has led to the promulgation of a number of new laws and regulations as well as amendments to existing laws and regulations.

This second edition of the PricewaterhouseCoopers Guide “Doing Business in the DIFC” has been compiled to provide the reader with a more up-to-date understanding of the DIFC, the types of financial activities that can be undertaken from the centre and the recent changes in laws and regulations.

This Guide has been prepared to assist those who are interested in doing business in DIFC. It does not cover its chosen subject exhaustively; rather it seeks to answer some of the more important business-related questions that may arise. When specific questions occur in practice, it is always advisable to refer to the laws and regulations of the DIFC, and obtain the appropriate accounting, tax and legal advice.

The material contained in this Guide was first assembled in April 2006 and revised in November 2008 and, unless otherwise stated, this Guide is based on information that was current - and to the best of our knowledge - accurate at that time.



PricewaterhouseCoopers at the DIFC and in the Middle East

PricewaterhouseCoopers (PwC) is proud to be associated with DIFC since its inception and to have provided extensive support and encouragement to DIFC during its formative period. Today, as DIFC expands and matures, PricewaterhouseCoopers continues to contribute to its overall success.

PricewaterhouseCoopers has over 30 years of experience in the Middle East and employs over 2,000 people in 12 countries in the region: Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Oman, Palestine, Qatar, Saudi Arabia, the United Arab Emirates and Yemen; and provides services in Iraq and Iran through cooperating firms. At PwC we have a reputation for providing quality professional services to a well-diversified client portfolio, in both the public and private sectors. We strive to create value for our clients and to provide them with a competitive advantage, by combining our international capabilities and local market knowledge, with an extensive range of skills and industry expertise.

We hope that the information in this Guide will assist you in assessing the advantages of doing business in DIFC. To obtain specific information and professional advice, or to discuss how we might be able to help you, please refer to Chapter 9 of this Guide where we have included our contact information as well as the range of services we provide institutions wishing to establish a presence at DIFC.

Michael J Stevenson
Middle East Senior Partner
PricewaterhouseCoopers

Table of Contents

Chapter 1 - The UAE and Dubai	1
Chapter 2 - Introduction to DIFC	3
Chapter 3 - Structure of DIFC	9
Chapter 4 - Primary Sectors of Focus	21
Chapter 5 - Business Licensing and Financial Services Regulation	31
Chapter 6 - Overview of the Laws and Regulations at DIFC	65
Chapter 7 - Other Considerations	75
Chapter 8 - Living in Dubai	83
Chapter 9 - About PricewaterhouseCoopers	89
Appendices	91



Chapter 1
The UAE and Dubai

The UAE and Dubai

United Arab Emirates

Established in 1971, the United Arab Emirates ("UAE") comprises of seven Emirates, Abu Dhabi (the country's capital), Dubai, Sharjah, Ras Al Khaimah, Umm Al Quwain, Ajman and Fujairah.

In 1981, the UAE became a member of the Gulf Cooperation Council ("GCC"), which was established to harmonise legislation and regulations, economy, finance, trade and customs between the member states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE).

Dubai

The current Ruler of Dubai is His Highness Sheikh Mohammed bin Rashid Al Maktoum, who is also the Vice President and Prime Minister of the UAE.

Dubai is the second largest Emirate and is nestled between the Emirates of Abu Dhabi and Sharjah, bordering the Gulf of Oman and the Persian Gulf.

Strategically located at the crossroads of trade and commerce between Europe and the US and the Far East, Dubai is increasingly being recognised as a regional hub for the Middle East, North and East Africa, and the Indian subcontinent.

In order to further encourage foreign investment, a number of economic free trade zones have been established across the UAE, offering foreign businesses attractive concessions and a number of investment incentives, including the ability to own a 100 percent subsidiary (foreign ownership restrictions apply outside the free zones) and the guarantee of a renewable tax free holiday.

Dubai has approximately eighteen free trade and industrial zones catering to a wide range of business sectors or activities, such as media (Dubai Media City), manufacturing (Jebel Ali Free Zone), information, communication and technology (Dubai Internet City) and financial services (Dubai International Financial Centre).



Chapter 2 Introduction to the DIFC

Introduction to the DIFC

Dubai has made great strides in opening up new avenues for economic growth. Over the last decade, it has developed itself into a strategic hub for international businesses to tap opportunities in the fast-growing emerging markets surrounding it. This development has been guided by a comprehensive economic diversification plan focused on developing key sectors that can accelerate economic growth, not only in Dubai and the UAE, but also the entire region.

DIFC is an initiative launched to harness the potential of the region's financial services industry. Ideally located to bridge the gap for a global financial centre in the time zone between London and Hong Kong, DIFC has developed into a gateway for regional capital and investment and a platform for tapping the largest emerging market for financial services. Today, DIFC is a community of over 750 companies. These include some of the world's largest financial services firms.

At the heart of the DIFC concept is an independent regulator, the Dubai Financial Services Authority (DFSA), which grants licences and regulates the activities of financial institutions in the DIFC.

DIFC has been granted authority to self-legislate in civil and commercial areas. An amendment to the UAE Constitution and a resulting federal law concerning financial free zones have allowed the DIFC Authority to create a legal framework based on the best practices of leading jurisdictions in Europe, North America and the Far East.

The DIFC Authority and DFSA have reviewed the laws and regulations of the world's major

financial centres, and with the assistance of leading professional advisors, have adopted and blended various best-practices to produce clear, flexible and practical legislative and regulating frameworks.

The Gateway to Regional Capital and Investment

Between the financial centres of Europe and South East Asia, lies a region comprising 42 countries with a population of 2.2 billion people and a combined economy worth US\$ 2.5 trillion in terms of GDP. Yet, this vast region, stretching from the western tip of North Africa to the eastern part of South Asia (comprising North and Eastern Africa, the Levant, the Caspian, the Indian Subcontinent and the GCC States) has, until recently, been without a world-class financial centre.

With the recent economic development, fuelled to some extent by the significant increase in oil prices, rapid expansion of trade, population growth and the vast infrastructure projects currently underway, there is a growing requirement for a financial centre to serve the rapidly expanding needs of institutions and governments in this region.

The DIFC concept has evolved as a means of:

- Providing depth to the regional financial markets by broadening the range of traditional methods of financing currently provided by regional banks;
- Attracting liquidity back into investment opportunities within the region, thereby contributing to its economic growth;



- Facilitating planned privatisations in the region and enabling initial public offerings of privately owned companies, thus providing impetus to the programme of deregulation and market liberalisation throughout the region;
- Contributing to the development of regional stock markets which, in turn, will contribute towards broadening the capital and ownership base of private sector companies; and
- Promoting the growth of Islamic finance and the development of the region's reinsurance sector.

Nasdaq Dubai (formerly Dubai International Financial Exchange Limited "DIFX") an international

stock exchange located in DIFC, continues to play a major role in the development of regional capital markets by attracting key regional companies to list their shares and other issued securities on the exchange. This, in turn, is expected to attract international investors and encourage additional portfolio flows to the region, thereby accelerating the process of the region's integration with world markets.

Dubai's Value Proposition

Dubai's many positive attributes, which have contributed to its success as an established international business hub, also serve to make DIFC a renowned international financial centre.

A broad-based economy

Dubai has been an economically dynamic city since the formation of the United Arab Emirates in 1971, and has since achieved remarkable economic growth and political stability. Over this period, the Emirate has been transformed from an oil- and-gas-dependent state to a broadly diversified economy based on international trade, banking, tourism, real estate and manufacturing.

The cumulative annual growth rate of Dubai's economy, expressed in GDP terms, between the years 2000-2006 stood at 13 percent, one of the highest in the world. Oil has played a progressively diminishing role in the Emirate's economic profile. In 1985, the oil sector contributed to just under half of Dubai's GDP. By 1993 that figure had fallen to 24 percent, and by 2006, to 5 percent. By 2010, oil revenues are expected to account for less than 1 percent of Dubai's GDP.

A destination of choice for foreign direct investment

A market-orientated economy with complete freedom of movement of capital, no restrictions on foreign exchange, and full convertibility of the UAE Dirham, Dubai has proved to be a highly attractive destination for foreign direct investment ("FDI"). According to the 2007 UNCTAD World Investment Report, the UAE was the third largest recipient of FDI inflows in West Asia, attracting more than of US\$ 8.4 billion in foreign direct investments, and is listed as a front runner with high inward FDI potential.

Some 80 percent of Fortune 500 companies (including all of the top 10) have established a presence in Dubai according to The Economist, and the UAE's 25 plus free zones are now host to numerous multinational and regional companies - including over 6,000 companies from over 120 different countries located in Dubai's Jebel Ali Free Zone.

A thriving entrepot for trade

Dubai's well-developed infrastructure - plus its free trade zones, which offer substantial tax and other incentives - along with its strategic location in the Gulf make it a natural centre for international trade. The UAE accounts for around 30 percent of the GCC region's exports - worth almost US\$ 142 billion a year. Dubai is also the world's third largest re-export centre, after Hong Kong and Singapore.

A world-class tourism industry

Tourism is the fastest growing sector of the UAE economy and is estimated to have grown by 22 percent in 2006. The number of tourists visiting Dubai has grown dramatically from 5.4 million in 2004 to over 7 million in 2007 and is expected to reach 15 million by 2015. With this in mind, a huge investment is being made to develop the city's hotel, leisure and recreational infrastructure.

Dubai also has a world-class airline - Emirates Airlines, winner of more than 200 industry awards since its formation in 1985 - over 43 five-star hotels, one of the worlds finest 7-star deluxe hotels (the Burj Al Arab), and an international airport recognised as "The Best Worldwide in Overall Passenger Satisfaction" by IATA's Global Monitor, with passenger traffic of over 34 million in 2007.

Among the world-class events attracting tourists to Dubai are the Dubai Air Show (the world's third largest aerospace exhibition); the Dubai Desert Classic Golf Tournament; the Dubai World Cup (the world's richest horse race); the Classic Dubai Rugby Sevens; and the Dubai Shopping Festival which in 2006, registered 3.3 million participants and saw an overall expenditure of US\$ 1.82 billion.

A multi-cultural community of skilled professionals

Expatriates comprise over 80 percent of Dubai's population, with over 150 nationalities working and living harmoniously in a safe, almost entirely crime-free environment. Dubai attracts a highly skilled workforce, which is absorbed by the growing number of international companies, professional service firms and financial institutions.

Expatriates enjoy tax-free salaries, schools accredited to international standards, a high standard of health care and excellent recreational facilities - including 8 championship golf courses. In a recent report by Jones Lang Lasalle, comparing 400 cities world-wide, Dubai was selected as one of the top three, on the basis of office construction, office absorption, office rents, employment and population growth.

Dynamic and proactive government

Much of Dubai's remarkable economic development and growth can be attributed to a progressive, and enlightened, government with a clear vision and strategy for the Emirate's economy. It is also a government which has a remarkable track record in executing large, complex, and ambitious projects.

The DIFC District – the world's fastest-growing financial centre

The DIFC is centrally situated on a 110 acre site located just to the south of the Dubai Emirates Towers landmark. Gracing the northern entry to the District is "The Gate", the architectural signature of DIFC. Designed by US architects, Gensler, this iconic building houses the executive offices of the DIFC Authority and the DFSA, and provides prime office space for leading international financial institutions.

The DIFC district is expected to eventually provide four million square feet of ultra-modern office space, including 31,000 underground car parking spaces and is designed to meet, and exceed, the demands of the world's most sophisticated international financial institutions - and the professionals who work for them.

The Gate, the surrounding precinct buildings and the Gate Village represent the first phase in the development of the DIFC district, a uniquely integrated set of buildings which will together provide world-class cosmopolitan housing, offices, service apartments, hotels, shops and restaurants.

This self-contained district has been planned and designed to provide the ultimate conveniences for anyone seeking to live, work and enjoy their leisure time in a single strategic location. The city complex is designed to operate in a temperature-controlled setting, connected by an automated transit system which will circumnavigate the entire district.

All DIFC registered entities are ultimately required to operate from within the DIFC district, but are

permitted to operate from outside of DIFC in the interim, until the infrastructural facilities within DIFC have been completed.

Benefits of Setting up in DIFC

Institutions establishing a presence within the DIFC can potentially gain from the following key benefits:

- 100 percent foreign ownership.
- Zero percent tax rate on income and profits for a period of 50 years from inception.
- Potential access to the UAE's wide network of double taxation treaties.
- Freedom to repatriate capital and profits - without restrictions.
- A world-class, independent, regulatory agency working alongside other financial regulatory agencies located in major global jurisdictions.
- International legal system based on Common Law of England & Wales (the only Common Law jurisdiction in the region).
- A wholly transparent operating environment, complying with global best practices and internationally accepted laws and regulatory processes.
- An international stock exchange with primary and secondary listings of debt and equity instruments.
- A variety of legal vehicles that may be established with capital structuring flexibility.
- A pool of skilled professionals residing in Dubai and the region.
- A modern transport, communications and internet infrastructure.
- A responsive one-stop shop service for visas, work permits and other related requirements.



Chapter 3 Structure of DIFC

Structure of DIFC

The DIFC is a Federal Financial Free Zone administered by the Government of Dubai, and established in accordance with United Arab Emirates Federal Law and by Dubai Law. The President of DIFC is His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

The Evolution of DIFC

The DIFC was established by Federal Law and is regarded as an autonomous jurisdiction within the UAE. Its creation required a unique legal and regulatory framework, made possible through a synthesis of the following Federal and Dubai Laws:

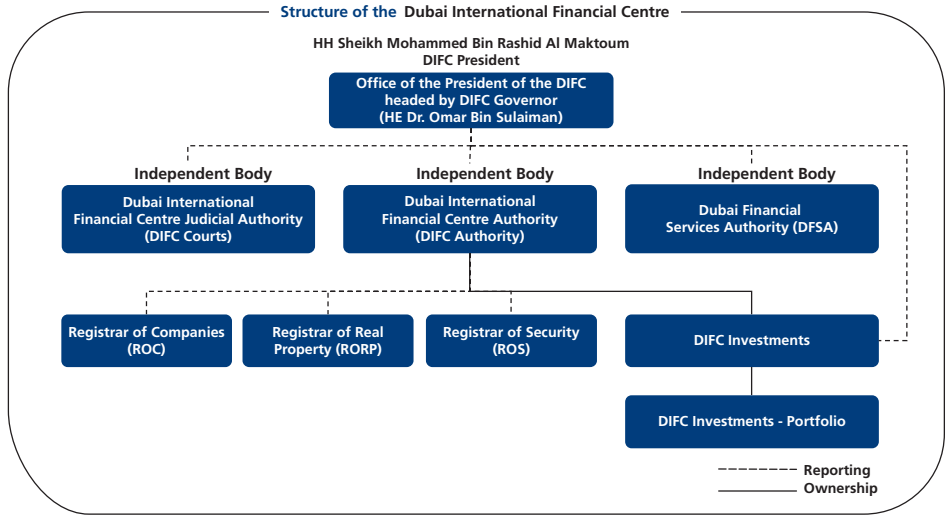
- An amendment to the UAE Constitution was required in order to allow the Federation to enact a Financial Free Zone Law. This law, in turn, allowed each Emirate to create its own Financial Free Zone.
- This amendment together with Federal Law No.8 of 2004 was enacted, establishing the basis for Financial Free Zones throughout the UAE. More importantly, it exempts Financial Free Zones from all federal civil as well as commercial laws within the UAE, except UAE Criminal Laws, Administrative Laws and the Anti Money Laundering Law. DIFC is, therefore, empowered to create its own legal and regulatory framework for all civil and commercial matters.
- Federal Law No. 35 of 2004 was enacted, establishing DIFC as a financial free zone in Dubai and prescribing the geographical area and location of DIFC in the Emirate of Dubai.
- Dubai Law No. 9 of 2004 was enacted, marking the operational launch of DIFC. This law recognises the financial and administrative independence of DIFC, and also exempts it from rules and regulations otherwise applicable in the Emirate of Dubai.

It establishes the component bodies, which are considered necessary for DIFC's operations, and also authorises the President to create other bodies that may be deemed necessary.

- Dubai Law No. 12 of 2004 was enacted, establishing the DIFC Judicial Authority and the DIFC Court System. This law guarantees the independent administration of justice in DIFC and sets out the powers, procedures, functions and administration of the Court.

The Key Components of DIFC

The DIFC has three independent bodies, the DIFC Authority, the Dubai Financial Services Authority (DFSA) and the DIFC Judicial Authority (DIFC Courts).



DIFC Judicial Authority	DIFC Authority	Dubai Financial Services Authority
<ul style="list-style-type: none"> • Administering and enforcing commercial and civil justice at DIFC • Hearing and Determining Claims and disputes Related to DIFC and DIFC Entities • Establishing and Operating Special Tribunals as Required 	<ul style="list-style-type: none"> • Developing over all strategy and policies for DIFC, other than financial regulatory Policies • Incorporating and Registering Companies in DIFC • Developing Laws Relating to Non-Financial Services Activities at DIFC • Business Development and Marketing • Communication and Public Relations • Registration of Security Instruments • Registration of Securities 	<ul style="list-style-type: none"> • Developing the regulatory framework • Authorising, Licensing, and Registration of Financial Services and Related Activities. • Regulating Financial Services and Related Activities at DIFC • Supervising Market Activities • Investigation and Enforcement

Following is an overview of the three key independent bodies of DIFC.

DIFC Authority

The DIFC Authority, established under Dubai Law No. 9 of 2004 as a juridical entity attached to the Government of Dubai, is the body charged with overseeing the operation and administration of DIFC. Its responsibilities include developing overall strategy and providing direction, promoting DIFC and attracting licensees to operate in DIFC. The DIFC Authority is also responsible for the development of laws and regulations to cover all aspects of non-financial services activities which are not regulated by the DFSA. Such laws and regulations include employment law, contract law, company law and real estate law, amongst others.

The DIFC Authority provides assistance to prospective licence applicants at every stage of the process, including assistance and guidance in business and commercial considerations, the licence application process, obtaining visas and resident permits for employees of the applicant, and leasing arrangements. Dedicated relationship managers guide licence applicants through the entire process.

Dubai Financial Services Authority (“DFSA”)

Created under Law No. 9 of 2004 and entirely independent of the DIFC Authority and the DIFC Judicial Authority, the DFSA is the integrated regulator responsible for the authorisation, licensing and registration of institutions and individuals who wish to conduct financial and professional services in or from DIFC. The DFSA also supervises regulated participants and

monitors their compliance with applicable laws, regulations and rules. The DFSA is empowered to make rules and regulations, as well as develop policy on relevant market issues and, in turn, enforce the legislation that it administers.

By establishing and maintaining an environment that fosters DIFC’s guiding principles of integrity, transparency and efficiency, the DFSA has set high standards by building a clear and flexible regulatory framework, based on the best practices and laws of the world’s leading financial jurisdictions. The result is clear and succinct legislation that is relevant to a modern international financial centre.

The DFSA authorises, licences, and registers institutions and individuals to operate within DIFC only after they have demonstrated their ability to meet and maintain the high standards required of them. It has the power to hold them to account if they fail.

Leading the development of DFSA’s robust regulatory and legal framework is a team of experienced regulators, drawn from internationally recognised regulatory bodies and major financial institutions.

The DFSA’s powers as a regulator are conferred to it under the provisions of the Regulatory Law, DIFC Law No. 1 of 2004. The DFSA, in turn, has rule-making power, which enables it to respond quickly and effectively to market developments and business needs.

In order to achieve its objectives, the DFSA is forging close ties with other regulatory agencies within Dubai and in the UAE as well as with

international regulators and organisations. The DFSA is also actively pursuing alliances, and the creation of Memoranda of Understanding with its counterpart regulators such as the Federal Financial Services Authority of Germany, the Guernsey Financial Services Commission and the UK Financial Services Authority. These Memoranda govern the way in which regulators can assist each other in the pursuit of individual and common objectives, including the exchange of information and the exercise of investigative and enforcement powers. As of July 2008, the DFSA has signed 39 bi-lateral MOUs with various regulatory authorities around the world, a complete list of which is included in Appendix V.

The DFSA is also a member of the International Organisation of Securities Commissions (“IOSCO”), the world’s leading body of international securities regulation, -the Islamic Financial Services Board (“IFSB”), the Accounting & Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) and other leading international organisations such as the Bank for International Settlements (“BIS”), the International Association of Insurance Supervisors (“IAIS”) and the Financial Action Task Force (“FATF”).

The DFSA has adopted and applied the standards promulgated by these organisations and also contributes to their dialogue in areas such as securities regulation, anti-money laundering compliance and insurance regulation. The commitment to these standards enables the DFSA to stay abreast of, and implement, international best practices within the region.

DIFC Judicial Authority (“DIFC Courts”)

An autonomous body, the DIFC Courts’ statutory function is that of administering and enforcing the civil and commercial laws of DIFC. It has been established by laws, which set out the jurisdiction of the DIFC Courts, allowing for the independent administration of justice in DIFC.

The laws have been designed to meet international standards of legal procedure. Major global institutions locating or planning to locate to DIFC were consulted for their opinions before developing these laws. In this way, the DIFC Courts were able to provide legal clarity and predictability.

The DIFC Courts operate a Court of First Instance and a Court of Appeal, and deal exclusively with all the cases and claims involving DIFC-based transactions and litigants. A Chief Justice and a Deputy Chief Justice, both of international repute, lead the DIFC Courts. English is the official language of the DIFC Courts.

The independent court system of DIFC allows for a matter to be heard either within the DIFC Courts or, if the parties wish, in the court of another recognised jurisdiction. DIFC laws are applicable to all disputes coming before the DIFC Courts, unless the parties choose the laws of another jurisdiction. This flexibility takes into account the different circumstances and requirements of companies and institutions, and ensures that a dispute is heard within the legal framework which is best suited to their needs.

The jurisdiction of the DIFC Courts also extends to the ratification of judgements, orders, and awards

handed down by other recognised courts or arbitral bodies - domestic or foreign. The DIFC Courts are also empowered to issue orders and provide directions to third parties in respect of the conduct of any proceedings before the DIFC Courts.

The Small Claims Tribunals of the DIFC Courts were established in October 2007 with power to hear and determine claims where the amount of the claim or the subject-matter of the claim is less than AED 100,000. This offers a simplified, and more cost effective procedure for small claims.

The jurisdiction of the DIFC Courts is limited to civil and commercial matters. Criminal matters cannot be heard by the DIFC Courts, and must be referred to the appropriate authority in the UAE.

Registrar of Companies (“ROC”)

The ROC operates under the Companies Law as a separate legal body established as a “Corporation Sole”. The ROC is responsible for advising on, receiving, reviewing and processing all applications submitted by prospective DIFC registrants seeking to establish a presence in DIFC in accordance with the Companies Law, the General Partnership Law, the Limited Liability Partnership Law, or the Limited Partnership Law, and the implementing regulations applicable thereto.

The office of the Registrar of Companies is responsible for registration of legal entities in DIFC. It also has a key role in providing information on DIFC entities.

The main functions of the Registrar of Companies are to:

- Incorporate/register and dissolve DIFC entities;
- Examine and store information on DIFC entities submitted under the applicable laws and regulations; and
- Make this information available to the public.

The ROC maintains a register of all such entities. Any entity intending to operate in DIFC must be incorporated or registered with the ROC under the relevant DIFC law.

The ROC is also responsible for administering the Companies Law and Regulations.

Registrar of Securities (“ROS”)

The ROS is responsible for recording and registering, and thereby establishes priority of, security pledged against loans, guarantees and other financial transactions.

This security enables banks or any entity inside or outside DIFC to register any security they may take against facilities they have extended to borrowers in DIFC. This service is also available to banks located in DIFC providing facilities to borrowers located outside DIFC.

The facility of registering a charge over security, either financial or non-financial, ensures that once the charge is properly registered no other body or entity taking a subsequent interest can have prior claim on the pledged security. Typically, charges that can be registered would be charges over cash deposits, liens, debentures, and floating charges. By registering the security, the provider of the facility protects its exposure to the borrower.

Registrar of Real Property (“RORP”)

The RORP protects the rights of buyers, sellers and leaseholders.

The RORP administers the Real Property Law and the Strata Title Law and registers all land and units in DIFC in the DIFC register.

In addition, the RORP registers easements, and any interests third parties may hold in the title.

The RORP also provides the facility of registering a mortgage or charge over land or completed units and ensures that once the charge is properly registered, no other body or entity taking a subsequent interest can have prior claim on the pledged security.

DIFC Investments (Company) LLC

DIFC Investments operates and manages a diverse portfolio of investments in line with the development of the Centre’s investment strategy and policies. It works to form strategic alliances to further the goals and objectives of DIFC.

Hawkamah Institute of Corporate Governance

Hawkamah Institute of Corporate Governance is an international association of corporate governance practitioners, regulators and institutions whose primary mandate is to develop corporate governance best practices in the Middle East. Launched in February 2006, Hawkamah is working to create a system of governance that promotes institution building, corporate sector reform, good governance,

market development and increased investment and growth across the region. The Institute aims to foster investor confidence through the development of efficient financial markets and banking systems, and to help shape the changing corporate governance landscape in the MENA region. For more information, log on to www.hawkamah.org.

Mudara - Institute of Directors (IOD)

Mudara - Institute of Directors (IOD) is a membership organisation serving directors, professional leaders and governance professionals in the Middle East and North Africa (MENA) region. Headquartered at the Dubai International Financial Centre (DIFC) in the UAE, Mudara IOD promotes director excellence by advocating the interests of boards and facilitating professional development through education, research, networking and dialogue. A range of professional leaders including business owners, directors, CEOs, and senior managers, whose roles require an understanding of corporate governance, will benefit from the Institute’s membership. For more information, log on to www.mudaraiod.ae.

DIFC Centre of Excellence

DIFC Centre of Excellence (CoE) offers globally top-ranked executive education and development programmes that enable professionals to succeed in a rapidly growing economy. In an evolving market where workplace demands keep changing, the Centre provides the resources for professionals to constantly update and hone their competencies. Programmes offered at the Centre cover core business areas like finance, law, strategy, human resources, marketing and entrepreneurship, as well

as specialised fields relevant to the region such as Islamic Finance and Energy. For more information, log on to www.difc-coe.ae.

DIFC Global

DIFC Global provides premium office facilities that support companies in developing their business globally. Currently established in London, Hong Kong and Dubai, and soon opening in Shanghai, DIFC Global is creating a network of premium offices in the world's major financial hubs. DIFC Global's offerings are ideal for companies looking to conduct feasibility studies, evaluate future potential, collaborate on joint ventures, or scout for new business in the world's largest established and emerging financial markets. Flexible lease terms and workspace options enable businesses to avoid large upfront investments in the early stages of their market foray. From executive suites and meeting rooms to private booths and individual work stations, companies can rent office space on a daily, weekly, monthly or annual basis. For more information, log on to www.difcglobal.ae.

Waqf Trust Services

Waqf Trust Services is a global provider of Shari'a compliant trust products, offering a diverse range of trust services for corporate, individual and charitable-based clients. The company's primary activities include asset protection, succession planning and the preservation of family wealth. Waqf's broad spectrum of services is designed to meet the needs of families, corporations and charitable trusts, allowing each to invest wisely while adhering to Shari'a guidelines. Charity is an essential aspect of Shari'a compliant

finance and Waqf takes great pleasure in promoting and contributing to a number of well deserving causes in the region. For more information, log on to www.waqf.com.

ART Dubai

Art Dubai is an annual event showcasing international contemporary art. Following the overwhelming success of its inaugural event in 2007, the event has become a cornerstone for the rapidly growing art community in the Middle East. Art from 80 galleries across the Middle East, Asia, Europe, North and South America, North Africa and Australia will be featured at Art Dubai 2009 to be held from 18-21 March. Art Dubai focuses on galleries from the emerging markets of the Middle East, South and Central Asia and the Far East, featuring them alongside established international galleries from the West. For more information, log on to www.artdubai.ae.

SmartStream

SmartStream, a company acquired by DIFC Investments, provides enterprise-wide, real-time Transaction Lifecycle Management (TLM) solutions to more than 75 of the world's top 100 banks. SmartStream's solutions enable clients to tackle the barriers to Straight Through Processing (STP) and create more efficient, customer-focused, cost-effective, compliant operations. Founded in 2000, SmartStream has expanded and evolved from a dedicated focus on reconciliations to become a leading provider of software solutions that bring automation and control to the middle and back office. For more information, log on to www.smartstream-stp.com.

DIFC-LCIA Arbitration Centre

In early 2008, DIFC positioned itself as an international arbitration jurisdiction with the establishment of the DIFC-LCIA Arbitration Centre. A joint venture with the London Court of International Arbitration (LCIA), the centre offers dispute resolution services to business and commercial organisations worldwide. The new centre complements the independent legal and regulatory framework of the DIFC and provides companies with an efficient, neutral and cost-effective alternative to the DIFC Courts. It will also work to create an efficient working environment for local and international companies by offering an information service, access to publications and organising symposia and conferences on dispute resolution. In addition to having access to the LCIA's expertise, the DIFC Arbitration Centre also has access to a database of world-class legal and non-legal arbitrators. The LCIA is one of the oldest international institutions for commercial dispute resolution in the world. It provides efficient, flexible and impartial administration of dispute resolution proceedings for all parties, regardless of their location, and under any system of law. For more information, log on to www.difcarbitration.com.

Significant DIFC Events

DIFC Week

DIFC Week is an annual programme of conferences hosted by DIFC featuring financial and economic leaders from across the world and the region.

Each year, DIFC Week brings together thought leaders and decision makers from the region and around the world, who share perspectives on

wide-ranging topics that impact the economy of the region.

To ensure its relevance, the agenda for DIFC Week is developed in consultation with DIFC stakeholders and prominent regional organisations. Participation in some of the events at DIFC week is by invitation only to ensure a high-quality environment for business networking.

DIFC Workshops

Apart from providing a world-class regulatory environment, DIFC also fosters the development of the economy and financial markets in the region through training programmes and the promotion of international best practices.

DIFC Workshops aims to promote an understanding of technical and financial market skills required to develop the region's financial markets, increase market participation and improve standards.

DIFC organises and hosts workshops regularly in association with leading financial institutions. Specialist topics covered by the workshops include accounting and valuation; derivatives and options pricing; risk management; securitisation; Islamic finance; valuation risk analysis; mutual fund management; hedge funds; investment management techniques; equity and fixed income analysis and investments; asset allocation; technical and quantitative analysis; yield curves; and structured finance.

Significant DIFC Events

September 2005	Launch of the Dubai International Financial Exchange (DIFX)
September 2005	DIFC wins global 'Industry Initiative of the Year Award' in London
October 2005	DIFC Courts hold its maiden session
November 2005	HH Sheikh Mohammed Bin Rashid Al Maktoum officially launches DIFC
February 2006	DIFC and international organisations establish Hawkamah - The Institute for Corporate Governance
March 2006	First Hedge Fund establishes in DIFC - Argent Financial Group International LLP a
April 2006	DIFC Investments acquires more than 1 percent stake in Euronext in April 2006, and subsequently increases its stake to 3.48 percent
June 2006	HH Sheikh Mohammed Bin Rashid Al Maktoum appoints Dr Omar Bin Sulaiman as Governor of DIFC
November 2006	DIFC launches the DIFC Workshops – a series of capacity building workshops aimed at supporting the development of financial markets in the region
December 2006	The London Business School (“LBS”) launches operations at the DIFC, offering a Dubai-London executive MBA programme – the first time that LBS has set up its own branded programme overseas
December 2006	DIFC Judicial Authority publishes the draft Rules of Court
January 2007	DIFC issues the Data Protection Law, the first regime in the region to ensure the protection of all personal information.
May 2007	DIFC, through its investment arm, DIFC Investments, acquires a 2.2 percent exposure to Deutsche Bank.
October 2007	DIFC wins International Award for Best Government Initiative at the Society of Trust and Estate Practitioners (STEP) Awards
November 2007	DIFC, through its investment arm, DIFC Investments, acquires SmartStream Technologies (SmartStream), a recognised global leader in the development of transaction lifecycle management software used in the back and middle offices of many of the world's leading banks, asset managers, hedge funds and money managers

Significant DIFC Events (cont'd.)

January 2008	DIFC Authority achieves ISO Certification
January 2008	DIFC Courts Appoint first female judge in the UAE
February 2008	DIFC establishes Mudara - The Institute of Directors (IOD), a leading initiative aimed at promoting excellence at the board level and facilitating professional development through education, networking, and services to members.
February 2008	DIFC launches the DIFC-LCIA Arbitration Centre - a joint venture with the London Court of International Arbitration (LCIA). By offering dispute resolution services to all business and commercial sectors, the Centre facilitates a cost-effective and timely alternative to the DIFC Courts.
February 2008	DIFC Authority releases the "Exempt Companies Regulations", a new set of regulations proposed under the Companies Law of 2006 and the Insolvency Law of 2004. These regulations are specifically designed to assist financial institutions to carry out, among other authorities, securitisation transactions, using the existing DIFC legal and regulatory frameworks.
March 2008	HE Dr Omar Bin Sulaiman, Governor of DIFC, officially opens the 2008 World Insurance Forum (WIF) at DIFC
March 2008	The City of London ranks Dubai 24th in its Global Financial Centres Index (GFCI) for 2008 ahead of cities like Shanghai, Stockholm, Brussels and Madrid
June 2008	DIFC and Dubai World Trade Centre organise MEFX, the first Middle East International Banking, Financial Technology and Services Exhibition and Conference
June 2008	DIFC announces new regulations to encourage wealthy families to establish Single Family Offices (SFOs) at DIFC
June 2008	DIFC signs agreement with UAE Central Bank for Real-time Automated Payments in the DIFC
June 2008	HE Dr Omar Bin Sulaiman, Governor of DIFC receives international recognition for 'Outstanding Contribution to the Development of Islamic Capital Markets' at the London Sukuk Summit Awards 2008.
July 2008	Marsh granted first captive insurance management licence in DIFC
August 2008	HH Sheikh Mohammed enacts new Arbitration Law of DIFC

DIFC Milestones – September to December

1 September 2008	HH Sheikh Mohammed Bin Rashid Al Maktoum enacts new Arbitration Law of DIFC
2 September 2008	DIFC Announces New Regulations to Encourage Family Businesses to Set Up Single Family Offices (SFOs) in DIFC
9 October, 2008	DIFC Courts Announces New Appointments of Registrar and Deputy Registrar
25 October 2008	Dubai International Financial Centre launches DIFC Global
7 November 2008	DIFC Issues Special Purpose Company Regulations
11 November 2008	DIFC Global expands its offerings to London
12 November 2008	DIFC posts Companies Law and Insolvency Law for Public consultation
18 November 2008	HH Sheikh Mohammed Bin Rashid Al Maktoum Swears in First UAE National Judges to Take Office in an International Court of Appeal at DIFC Courts
19 November 2008	Swiss Life opens insurance intermediation office in DIFC
20 November 2008	His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum Rings NASDAQ OMX Opening Bell Remotely at The Gate in DIFC
22 November, 2008	DIFC Week, DIFC's annual series of business conferences, begins
1 December, 2008	DIFC Posts Electronic Transactions Law for Public Consultation



Chapter 4 Primary Sectors of Focus

Primary Sectors of Focus

The DIFC focuses on the following main financial services sectors:

1. Banking & Brokerage Services
2. Wealth Management
3. Reinsurance & Captive Insurance
4. Islamic Finance
5. Ancillary Services
6. Capital Markets

1. Banking & Brokerage Services

Businesses in the region have traditionally depended heavily on domestic bank finance for their start-up and expansion needs, often at inefficient and considerably high costs. In view of the underdeveloped capital markets in the region, investors and borrowers have had to resort to international markets in order to fulfil their financing requirements.

However, in the light of liberalisation and planned privatisations, surge in liquidity and rapid expansion of economy and trade, there is a large and growing demand for more efficient and sophisticated forms of financing.

The many, and vast, programmes of infrastructure expansion and development by governments in the region have also provided significant project finance opportunities. As of March 2008, the value of current and planned projects in the GCC soared past the US\$ 2 trillion mark. Meanwhile, with the emergence of Dubai as a major centre for international trade, the opportunities for trade finance providers in the region are set to grow enormously, with, several local institutions such as Emaar Plc, Limitless, Dubai Holding and Dubai World seeking alternative means of financing for their overseas expansion.

To gain access to this large and relatively untapped market, DIFC offers a wholesale platform for investment banks and financial intermediaries looking to establish underwriting, M&A advisory, venture capital, fund administration, private equity, private banking, trade finance, and brokerage services operations, as well as to take advantage of the numerous associated opportunities in the region.

The success of DIFC's vision in this relatively untapped market is demonstrated by the number of institutions that have established operations in DIFC. Some of the more notable being Merrill Lynch, Morgan Stanley, Deutsche Bank, and PWC.

2. Wealth Management

DIFC provides an onshore centre offering a wide range of investment opportunities, such as mutual funds, exchange-traded funds, open and closed-ended investment companies, index funds, hedge funds, consultant wrap accounts and Islamic compliant funds. Furthermore, DIFC provides an ideal environment and a highly skilled work force to asset management firms and private banks for their fund registration and administrative functions.

Historically, the pool of financial assets held by regional investors has been invested offshore through financial institutions mainly in London, Geneva, New York and Tokyo. Middle Eastern high-net-worth individuals held US\$ 1.4 trillion in 2006, growing by 11.7 percent according to the 2007 World Wealth Report published by Merrill Lynch.

With the economic development and rapid growth of the region, as well as the demographic changes - which have seen a rising demand for pensions to meet the retirement needs of the region's ageing population - there is a growing requirement for

a regional financial centre which can provide a platform for channelling the financial assets of individuals and institutions alike.

The scope for repatriating the enormous wealth invested, managed, and administered outside the region represents a considerable opportunity for asset management firms, fund administrators, custodian banks, rating agencies and other professional service providers to establish at DIFC. Similarly, the increase in the region's IPO activity and growth in liquidity presents opportunities for the development of a domestic fund management industry, which has hitherto remained underdeveloped due to a lack of innovative financial products in the region, an inadequate legal and regulatory framework and the absence of sophisticated local asset management expertise.

To this end, the DFSA has developed regulations specifically for the supervision of the fund management industry within DIFC, permitting the establishment and operation of various types and categories of collective investment schemes in DIFC, including property funds, Islamic funds, hedge funds, funds of funds and private equity funds. Drafting of the regulations involved extensive consultation between the DFSA and the funds industry, resulting in a comprehensive regime to meet the requirements for a modern, well regulated centre for fund management and administration within the region.

i. Hedge Funds

The DFSA has issued a Hedge Fund Code of Practice, which is the first of its kind to be issued by a regulator and can provide a benchmark code for regulation of the international hedge fund industry. The Code sets out best practice standards for Operators of Hedge Funds in DIFC.

The DFSA's initiative to issue a Code of Practice comes in the wake of enhanced industry and world class regulatory focus on hedge funds. The Code addresses some specific risks that are associated with hedge funds and reflects the DFSA's commitment to risk-based regulation.

Instead of rules, the DFSA has adopted a principles-based approach for developing best practice standards for regulating the hedge funds industry with the aim of promoting certainty, whilst also allowing industry participants a degree of flexibility to adapt these standards to suit their particular businesses in the light of changing market conditions and emerging issues.

There are nine high-level principles in the Code of Practice, which cover areas of key operational, management and market-related risks, particularly in the areas such as valuation of assets, back office functions and exposure to market risks.

ii. Family Offices

As families grow increasingly prosperous, they need more tailored services to deal with their unique challenges. There are now 94,970 Ultra High Net Worth Individuals (HNWI) globally, with total assets amounting to over US\$ 13.1 trillion, according to the Merrill Lynch and Capgemini 2007 World Wealth Report. In GCC countries, family-owned companies account for 90 percent of business activity, whilst two-thirds of businesses worldwide are family owned.

A Family Office is a private office set up by a single family with the purpose of managing the family's wealth and assets. It is used by a growing number of wealthy families to both safeguard and grow existing assets for the next generations, in a confidential yet transparent framework. Principal issues currently facing affluent families include:

- Transition to the next generation
- Asset protection
- Estate and succession planning
- Tailored accounting, investment and cash flow reporting
- Investment strategies and wealth management over multi jurisdictions
- Philanthropy
- Insurance management
- Management of professional assets such as property, aircraft, yacht and art collections over many jurisdictions.

DIFC provides all the services required by a Family Office in one location, including access to wealth and asset managers, private bankers, lawyers, accountants, corporate governance experts, international tax advisers, succession planning advisers, captive insurers and experts on Islamic finance, as well as access to capital markets and corporate financiers.

The DIFC has a world-class regulatory and legal framework tailored to meet the needs of families seeking to preserve and grow their wealth across generations and continents.

A Family Office based in the Centre is able to work within the context of the recently released DIFC Trust Law, as well as take advantage of new, pioneering Family Office legislation was introduced in 2008.

3. Reinsurance & Captive Insurance

i. Reinsurance

Historically, insurance penetration and density in the region have been well below levels in other parts of the world. In 2006, total gross premium income of the MENA region amounted to around

US\$ 14 billion, accounting for roughly 0.35 percent share of the world market. When comparing the MENA region with other regions of the world, this measure reveals the significant extent to which the MENA market is underdeveloped. During the same period, the level of insurance penetration in the MENA region was approximately 1 percent, compared with an average of 6 to 9 percent in emerging markets.

The low insurance penetration level is reflective of a combination of factors - lower disposable income (except for GCC countries), greater reliance on social welfare provision, lack of insurance awareness, and the extended family system underpinning state welfare provision. However, with economic development, growing industrialisation and improved regulation, the region is experiencing a changing attitude towards risk and a growing awareness of the need for life and non-life insurance.

The world's major insurance and reinsurance companies are, therefore, now looking beyond their traditional market boundaries, and assessing opportunities in emerging markets such as the Middle East where premium growth is forecast to outpace that of industrialised nations. Following are some of the factors driving growth:

- The region's huge programme of infrastructure spending on energy, water, transportation and petrochemicals, involving mega projects and risks requiring insurance and reinsurance;
- The rapid growth of Islamic or Takaful insurance products - a market growing at nearly 20 percent per annum and expected to be worth US\$ 10 - US\$ 15 billion in the next 10 years;
- The growing demand for MAT (M,A and Transportation) and other forms of commercial

insurance with the rapid development of trade in the region;

- The privatisation of state assets resulting in previously uninsured risks requiring insurance cover for the first time;
- The introduction of compulsory health insurance, notably in Saudi Arabia and the GCC countries. The DIFC has set out to create a global hub to foster the development of a thriving insurance market by attracting global insurers, reinsurers, brokers, as well as service, educational and training providers. For companies looking to finance and manage risk, the DIFC's legislative framework, coupled with its favourable tax environment, offers a convenient platform for the establishment of captives. Furthermore, the flexibility of the DFSA in providing for the regulation of Protected Cell Companies positions DIFC among the most forward-looking financial centres.

ii. Captive Insurance

Captive insurance penetration in the region has been well below levels seen in other parts of the world. These low penetration levels are attributable to a combination of factors, the main factor being a general lack of insurance awareness among regional firms.

However, with economic development, growing industrialisation, rapid growth of international trade, international mergers and acquisitions, improved regulation and increased focus on corporate governance, the region is witnessing a change of attitudes towards corporate risk management, and a growing awareness of the need for innovative ways to finance the future cost of corporate risk.

In view of the recent turbulent insurance markets, volatile premium fluctuations and reduced capacity, regional firms are now looking

beyond traditional insurance markets and assessing alternative opportunities.

For regional firms looking to finance and manage corporate risk, the DIFC's legislative framework, coupled with its favourable tax environment, offers a convenient platform for the establishment of captive insurance companies.

4. Islamic Finance

Islamic finance is an area that has grown to become an increasingly important segment within the global financial market, gaining considerable ground as a viable and alternative model to conventional finance. Today, the size of the Islamic finance market is estimated to be between 700 billion- US\$ 1 trillion globally and is forecast to grow at a rate of 12 to 15 percent per annum. Its clients are not only confined to Muslim countries but are spread over Europe, America and the Far East.

Currently, Islamic finance has a very small share of the global market – about 1 percent – but all the signs are that it will continue to grow rapidly in the coming years. The market for Islamic or Shari'a-compliant financial products is largely driven by the following factors:

- A growing demand for Shari'a-compatible forms of financing and banking products amongst the world's Muslim population.
- Economic development in the region giving rise to infrastructure and other projects for which Shari'a-compliant forms of financing are becoming increasingly popular.
- The emergence of an international market in Sukuk (Shari'a-compliant) bonds.
- Rising incomes amongst the Arab population, resulting in the need for Islamic consumer finance products (insurance, mortgages, pension plans, and investment funds).

- Changing demographics in the Arab world triggering a growing need for pensions and other retirement savings products.

Sukuks (or Islamic bonds), the fastest-growing segment of the Islamic finance market, has seen phenomenal growth in the past six years with global volumes in 2007 reaching US\$ 97.3 billion. Meanwhile, growth in Takaful is far outstripping that of conventional insurance. Today, the global average annual premium growth rate stands at about 2.5 percent. By comparison, in the wider Middle East, the Takaful market segment is growing by 20 percent a year, while Takaful premiums in the GCC states are increasing by a phenomenal 40 percent a year. Currently there are more than 60 Takaful companies operating in 23 countries worldwide, generating Takaful premiums estimated to be in excess of US\$ 2 billion and, representing roughly only 9 percent of the global insurance market. However recent projections show that the industry could be worth as much as US\$ 7.4 billion by 2015.

In recognition of the increasing size of and growing interest in the Islamic financial services industry, DIFC is positioning itself as the global hub for Islamic finance.

In drawing up its sophisticated framework of laws and regulations governing Islamic finance, the DFSA has sought input and consulted with academics and international organisations, resulting in the unique 'Shari'a Systems' model of regulation. Regulation ensures conformity to international standards such as risk and capital adequacy as set out by Basel, while adhering to Islamic finance industry guidelines and applications as set out by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board

(IFSB) with regards to accounting treatment of Islamic transactions. The result is an enabling and conducive environment supportive of the future development of the Islamic Finance sector.

The future growth and development of the Islamic finance industry largely depends on the degree of innovation introduced in the market. Although the industry has increasingly demonstrated that it can match the sophisticated range of product and service offering of its conventional counterpart, there has been a slow pace of new products introduced in the market. DIFC aims to become the centre of product innovation by encouraging the development and structuring of more complex, liquid and long-term Islamic products that will satisfy the broad needs of investors and issuers.

Owing to its world-class supervision and regulation, DIFC also intends to play an active role in the broader acceptance of Islamic finance products and services in international markets. By promoting sound accounting procedures and standards, DIFC aims to provide a significant boost to the levels of transparency, accountability and credibility of Shari'a-compliant products, thus helping to integrate Islamic financial markets with global markets.

The overall framework and support extended to banks and financial institutions at DIFC should create an environment conducive to the future development of Islamic finance and to meet the growing financing needs of the region.

Charting the Success of Islamic Finance at DIFC

December 2005	DIFC establishes the Islamic Finance Advisory Council to promote the development of Islamic Finance. The seven-member council comprises seasoned executives and decision makers who provide expertise and insights into the Islamic Finance industry and marketplace.
July 2006	Islamic International Rating Agency (IIRA), the region's leading Islamic rating agency, establishes presence at DIFC.
October 2006	DIFX becomes the world's largest exchange for Sukuk, with a total value of US\$ 4.11 billion.
March 2007	Cass Business School begins delivering the world's first new Executive MBA from the DIFC specialising in Islamic Finance and Energy
March 2007	DFSA signs MoU with Bank Negara Malaysia in order to facilitate Islamic finance transactions between DIFC and Malaysia.
April 2007	DFSA receives award for Innovations in Islamic Finance, recognising its contributions to transparency and innovation in Islamic Finance.
June 2007	DIFC, through its investment arm, DIFC Investments, issues a US\$ 1.25 billion Sukuk, the largest-rated and the largest Straight Sukuk to be launched out of the region. The total value of Sukuk listed on the DIFX topped US\$ 10.43 billion as of 18 June 2007, the highest in any exchange worldwide.
July 2007	DIFC Investments and Dubai Islamic Bank establish Waqf Trust Services, the first exclusive Islamic trust services provider in the world, offering Shari'a compliant trust services.
June 2008	HE Dr Omar Bin Sulaiman, Governor of DIFC, receives international recognition for "Outstanding Contribution to the Development of Islamic Capital Markets" at the London Sukuk Summit Awards 2008.

5. Ancillary Services

Ancillary services providers comprise providers of Professional Services and Business Infrastructure & Corporate Offices.

i. Professional Services

DIFC attracts high-calibre, reputable professional services, thereby providing a fully robust platform and effective operating environment to support the various types of activities and operational needs of financial institutions. These services include accounting, tax and legal practices, compliance and management consultants, rating institutions and market information providers, among others. The expertise that the world's major international professional services firms bring to DIFC, completes the process of building a world-class international financial centre. The DIFC provides professional services providers with the kind of unique opportunities that can come only from locating their operations in a hub, which is in close physical proximity to a wealth of business opportunities, including significant cross-border synergies across multiple industries and functions.

Audit services are subject to a specific audit regime under the DFSA rules and are not included in the descriptions of professional services here and later in this guide. If interested, please discuss this activity with the DIFC Authority Business Development Team.

Law firms and accounting firms that provide services to licensed financial institutions are categorised as Ancillary Service Providers ("ASP") under the DFSA rules. Service providers other than law firms and accounting firms that provide services to

licensed financial institutions are considered non-financial activities and, as such, do not require a DFSA registration, but instead need to obtain approval from the DIFC Authority Registration Review Committee (See further below). Before commencing an application process, professional services should seek the advice of the DIFC Authority Business Development Team in respect of the rules that apply and the documents that are required for the application.

It is important to note that all providers of legal consulting services (irrespective of what law they are advising on) require an approval from the Ruler's Court of Dubai in order to operate in the emirate, including in DIFC. The Ruler's Court is part of the Government of Dubai and is not affiliated with DIFC. This approval must be obtained before a law firm submits its application to the DFSA. Please contact the Business Development team of the DIFC Authority for further information and advice.

ii. Business Infrastructure & Corporate Offices

Outsourcing business processing activities is gathering momentum as financial institutions seek to reduce costs, decrease investment in capital assets, and focus on their core business. In addition to outsourcing, a number of financial institutions are relocating some of their operations to other more cost-effective locations. The global market for the outsourcing of business process operations is estimated to have reached US\$ 1 trillion in 2006. In order to service financial institutions that intend to offshore/consolidate their mid/back office functions, DIFC aims to harness this growing opportunity by providing world-class

technology and associated infrastructure as well as a work force of well-educated, multi-lingual and highly-skilled professionals. DIFC's Business Infrastructure sector thus includes a wide range of support services such as IT consultants and software providers, HR specialists, recruitment firms, marketing and events manager, and providers of various administrative services – all adding value to the financial community in the DIFC by providing high quality services in these specialised industries.

DIFC's sector for Corporate Offices includes large multi-nationals that do not provide financial services under the DFSA rules, but for other reasons choose to establish activities within DIFC. Such activities can include treasury and group re-invoicing, for example, allowing an entity to access DIFC's world-class community of financial and professional services and the possibility of using the DIFC zero percent tax environment to their advantage.

Business infrastructure and corporate offices are considered as non-financial activities and do not need a licence or registration from the DFSA. The process to obtain an approval by the DIFC Authority Registration Review Committee and the Registrar of Companies is described in Chapter 5.

Capital Markets – Opportunities provided by Nasdaq Dubai

As of 2005, the major national exchanges in the GCC accounted for 20 percent of the total market capitalisation in the emerging markets. This has been driven by more than just an oil boom. It is evidence of an increasing understanding

of the benefits and the corresponding needs of sophisticated capital markets, among issuers and investors alike. Meanwhile, there has been a significant growth in regional IPO activity. The appetite for new issues is also being fuelled by the surge in regional liquidity, attributable in large part to the abundance of petrodollars, which in turn is attributed to increasing oil prices, as well as the repatriation of capital into the region.

Nasdaq Dubai (formerly DIFX) is geared to support the DIFC in these efforts by providing a liquid and transparent market for the many successful privately-owned companies in the region and soon-to-be-privatised businesses that seek ways to raise capital through listings on an efficient stock exchange. Issuers are likely to benefit from improved regional and global visibility for their companies, while investors will benefit from access to a wider range of investment opportunities. The result is a pooling of liquidity and a more efficient allocation of capital and investment, benefiting both issuers and investors alike.

Nasdaq Dubai provides an ideal platform to facilitate the mobilisation of capital in the primary markets and provide higher levels of liquidity for investors in the secondary markets. In order to achieve this objective, Nasdaq Dubai offers the following key incentives:

- A company is allowed to go public on Nasdaq Dubai with a minimum offer of 25 percent of its capital, which is significantly lower than the minimum requirement which most regional exchanges currently impose.

- Companies intending to list on Nasdaq Dubai are free to set their own issue price when they sell shares through IPOs. In contrast, regulations in many countries in the region require companies to offer shares through IPOs at par or as estimated and evaluated by local authorities, which may be well below their true value.

Nasdaq Dubai also offers an opportunity to global companies from outside the region looking to list (or dual list) their shares on the exchange as a means of tapping into the large pool of investable assets in the region. For international investors, Nasdaq Dubai provides the main gateway to opportunities in the emerging markets of the region.

A photograph of a modern glass skyscraper with a blue overlay containing text. The building's facade is composed of a grid of glass panels, reflecting the sky and surrounding environment. The blue overlay is a semi-transparent horizontal band across the middle of the image.

Chapter 5 Business Licensing and Financial Services Regulation

Business Licensing and Financial Services Regulation

Introduction – Setting up in the DIFC

This chapter discusses the business registration and financial services licensing procedures for persons (individual or corporate) intending to set up a business entity within DIFC. It also provides an overview of the supervisory and enforcement functions of the DFSA.

The Registrar of Companies (“ROC”) is the entity responsible for incorporating and registering all entities that operate within DIFC. Any entity that intends to operate in the DIFC should be incorporated or registered under the relevant DIFC law. In addition, businesses engaged in financial services and related activities within DIFC are subject to authorisation and financial services regulations administered by the DFSA.

Those wishing to establish operations in DIFC can select their preferred legal entity from a wide variety of forms of business permissible under the relevant DIFC laws. The DFSA also regulates an extensive range of permitted financial services and professional services that businesses can carry out from DIFC.

Every applicant wishing to establish a business at DIFC should, in the first instance, meet with the appropriate section of the Business Development Team of the DIFC Authority.

The Business Development Team will gain an understanding of the background of the potential applicant and the proposed business to

be established at DIFC and provide the potential applicant with a preliminary assessment of the merits of the intended application.

The Business Development Team is structured along the lines of the primary sectors of focus of DIFC and, accordingly, is divided into sections dedicated to banking and brokerage services, wealth management, reinsurance and captive insurance, Islamic finance, ancillary services, and business infrastructure and corporate offices.

The appropriate section of the Business Development Team will also provide the potential applicant with an overview of DIFC; the licensing procedures of the DFSA (if applicable); the registration procedures of the ROC; and other administrative procedures such as visas, work permits and leasing of office premises.

The Business Development Team also conducts the initial screening of all non-financial businesses which intend to establish at DIFC, following which, the application is forwarded to the Registration Review Committee for its evaluation.

If the proposed business is financial or ancillary services, the applicant must first commence the authorisation process with the DFSA, and then proceed with the registration process at the ROC. The ROC will only incorporate the business of an Authorised Firm, an Ancillary Service Provider or an Authorised Market Institution after it has been authorised by the DFSA.

A summary of the business registration / licensing steps is provided in the following table:

Business Activity	Licensing / registration steps
Business not engaged in financial services, i.e. business infrastructure, corporate offices, and professional services, other than law and accounting firms, and other firms not involved with financial services. (Non-DFSA Regulated)	<ol style="list-style-type: none"> 1. Introductory and familiarisation meeting with the Business Development Team of the DIFC Authority. 2. Initial screening by the Business Development Team of the DIFC Authority. 3. Submission of application to the DIFC Authority. 4. Evaluation by the Registration Review Committee (RRC) of the DIFC Authority. 5. Registration with the ROC.
Businesses engaged in financial services ("Authorised Firms").	<ol style="list-style-type: none"> 1. Introductory and familiarisation meeting with the Business Development Team of the DIFC Authority. 2. Initial screening by the Business Development Team of the DIFC Authority. 3. Submission of letter of intent to the DIFC Authority. 4. Authorisation by the DFSA. 5. Registration with the ROC.
Businesses engaged in the provision of legal or accounting services ("Ancillary Services Providers").	<ol style="list-style-type: none"> 1. Introductory and familiarisation meeting with the Business Development Team of the DIFC Authority. 2. Initial screening by the Business Development Team of the DIFC Authority. 3. Submission of ASP application to the DIFC Authority. 4. Authorisation by the DFSA. 5. Registration with the ROC.
Businesses engaged in operating an exchange and/or a clearing house ("Authorised Market Institutions").	<ol style="list-style-type: none"> 1. Authorisation by the DFSA. 2. Registration with the ROC.

The following sections describe the DFSA authorisation process for an entity wishing to undertake financial services or ancillary services business from DIFC, followed by a description of the ROC company registration process.

The DFSA and the Authorisation Process

The DFSA is a risk-based regulator. One of its primary aims is to identify, assess, and mitigate any risk to DIFC. This can be seen in the application process for firms and individuals. Stringent criteria are applied by the DFSA to determine who may be granted a licence, authorisation or registration to conduct financial or professional services, or to carry out licensed functions in, or from, DIFC.

Applicants must provide detailed submissions to the DFSA on a wide range of matters. The DFSA rigorously assesses this information to ensure that an applicant is both willing and able to achieve and preserve the high standards applicable in DIFC.

The DFSA assesses operating standards relating to competence, financial soundness and integrity. It considers the extent to which a firm, and any of its group entities, may be subject to external regulation, as well as the extent to which those regulators share the DFSA's high standards of regulation.

When assessing an application, consideration is given, but not limited, to:

- An applicant's fitness and suitability to hold a licence, authorisation, or registration;
- The professional, or industry qualifications, competence, and experience of an applicant's employees;
- The robustness of an applicant's business plan, and its ability to effectively manage and control its activities;
- An applicant's background and regulatory history;
- Whether an applicant has sufficient resources, including those relating to capital, systems, personnel, risk management, and internal controls;
- The suitability of an applicant's controllers and other closely linked entities, and the jurisdictions in which they are established; and
- The applicant's willingness to deal in an open and co-operative manner with the DFSA.

The following financial and professional services are permitted and regulated by the DFSA:

Authorised Firms	Ancillary Service Providers	Authorised Market Institutions
Licensed	Registered	Licensed
Accepting Deposits	Providing Legal Services	Operating an Exchange
Providing Credit	Providing Accountancy Services	Operating a Clearing House
Providing Money Services		
Dealing in Investments as Principal		
Dealing in Investments as Agent		
Arranging Credit or Deals in Investments		
Managing Assets		
Advising on Financial Products or Credit		
Operating a Collective Investment Fund		
Providing Custody		
Arranging Custody		
Effecting Contracts of Insurance		
Carrying Out Contracts of Insurance		
Insurance Intermediation		
Insurance Management		
Managing a ProfitSharing Investment Account		
Operating an Alternative Trading System		
Providing Trust Services		
Providing Fund Administration		
Acting as the Trustee of a Fund		

For a detailed description of the permitted financial and professional services activities that may be carried out from within DIFC, please refer to the General (GEN) Module of the DFSA Rulebook found on www.dfsa.ae.

While the DFSA permits a wide range of financial services to be carried out from within DIFC, some restrictions apply. Authorised Firms are not permitted to undertake the following activities:

- Dealing with an individual client with less than US\$ 500,000 in liquid assets.
- Dealing with an institutional client with called up share capital, or net assets of less than US\$ 5 million.
- Accepting deposits from the United Arab Emirates market.
- Accepting deposits or providing credit in the currency of the United Arab Emirates (the UAE Dirham).
- Dealing in the UAE Dirham.
- Conducting insurance business with individuals.
- Directly insuring risks located within the United Arab Emirates.
- Providing money services unless it is connected with another financial service for which the firm is authorised.

Update in regulations: DIFC firms permitted to deal with retail customers

As a result of an extensive consultation process, DIFC has for the first time since its inception permitted firms in DIFC to deal with retail customers. The review was promoted by an ever maturing DIFC, as well as increased convergence across markets. Broadly, the DFSA has brought its conduct of business regime closer to the Markets in Financial Instruments Directive (MiFID), with the aim that where a firm meets the requirements of MiFID, it will be able to carry its compliance arrangements into DIFC with few changes.

Authorised Firms

Any person or institution intending to carry out financial services in or from DIFC is required to be licensed and authorised by the DFSA as an Authorised Firm. Authorised Firms can be divided into the following five categories of licence, each with its own rules and capital requirements.

Categorisation of Authorised Firms

Category 1	Category 2	Category 3	Category 4	Category 5
Accepting Deposits				
Providing Credit				
Dealing in Investments as Principal	Dealing in Investments as Principal			
Dealing in Investments as Agent	Dealing in Investments as Agent	Dealing in Investments as Agent		
Operating Collective Investment Fund	Operating Collective Investment Fund	Operating Collective Investment Fund		
Managing Assets	Managing Assets	Managing Assets		
Providing Custody	Providing Custody	Providing Custody		
Providing Trust Services	Providing Trust Services	Providing Trust Services		
Acting as the Trustee of a Fund	Acting as the Trustee of a Fund	Acting as the Trustee of a Fund		
Arranging Credit or Deals in Investments	Arranging Credit or Deals in Investments	Arranging Credit or Deals in Investments	Arranging Credit or Deals in Investments	Islamic Financial Institution
Advising on Financial Products or Credit	Advising on Financial Products or Credit	Advising on Financial Products or Credit	Advising on Financial Products or Credit	Entire Business Conducted in Accordance with Shari'a and Manages a Profit Sharing Investment Account
Arranging Custody	Arranging Custody	Arranging Custody	Arranging Custody	
Insurance Intermediation	Insurance Intermediation	Insurance Intermediation	Insurance Intermediation	
Insurance Management	Insurance Management	Insurance Management	Insurance Management	
Operating an Alternative Trading System	Operating an Alternative Trading System	Operating an Alternative Trading System	Operating an Alternative Trading System	
Providing Fund Administration	Providing Fund Administration	Providing Fund Administration	Providing Fund Administration	
Managing a Profit Sharing Investment Account	Managing a Profit Sharing Investment Account	Managing a Profit Sharing Investment Account		

A shaded box indicates the financial service that is determinative of the category into which an Authorised Firm falls. An un-shaded box indicates that an Authorised Firm in that category may conduct that financial service but that it will not, of itself, determine the category.

These financial services are defined in the General Module (GEN) as follows:

Accepting Deposits: Where money received by way of deposit is lent to others, or where any other activity of the entity accepting the deposit is financed, wholly or to a material extent, out of the capital of, or returns, on any money received by way of deposit.

Providing Credit: The provision of a credit facility to persons in the capacity as a borrower or potential borrower (see the General Module for further guidance).

Providing Money Services: The provision of money services includes currency exchange and or money transmission. Money transmission refers to (a) selling or issuing payment instruments; (b) selling or issuing stored value; or (c) receiving money or monetary value for transmission, including electronic transmission, to a location within or outside DIFC.

Dealing in Investment as Principal: The buying, selling, subscribing for or underwriting any investment as principal (see the General Module for further guidance).

Dealing in Investments as Agent: The buying, selling, subscribing for or underwriting any investment as agent (see the General Module for further guidance).

Operating a Collective Investment Fund: Establishment, operating or winding up of a collective investment fund. Operating a collective investment fund includes being responsible for the management of the property held for or within a fund under the fund's constitution.

Managing Assets: Managing on a discretionary basis assets belonging to another entity if the assets include any investments or rights under

a contract of long-term insurance, not being a contract of reinsurance (see the General Module for further guidance).

Providing Custody: Safeguarding investments belonging to another person and the administration of those investments (see the General Module for further guidance).

Providing Trust Services: Includes (a) the provision of services with respect to the creation of an express trust; (b) arranging for any person to act as a trustee in respect of any express trust; (c) acting as trustee in respect of an express trust; (d) the provision of trust administration services in respect of an express trust; or (e) acting as protector or enforcer in respect of an express trust (see the General Module for further guidance).

Acting as the Trustee of a Fund: Holding the assets of a Fund on trust for the unit holders where the Fund is in the form of trust.

Arranging Credit and or Deals in Investments: Making arrangements with a view to another entity, whether as principal or agent, buying, selling, subscribing for or underwriting an investment, or making arrangements with a view to another entity whether as principal or agent, to borrow money by way of credit facility (see the General Module for further guidance).

Advising on Financial Products and or Credit: The provision of advice to a person in their capacity as an investor or potential investors, or in their capacity as agent for an investor or a potential investor on the merits of an entity buying, selling, holding, subscribing for or underwriting a particular financial product (whether as principal or agent). Alternatively, providing advice to a person, in his/her capacity as a borrower or potential borrower

or as agent for a borrower or potential borrower, on the merits of entering into a particular credit facility. More widely, any generic advice in relation to a particular financial product or credit facility, which could be reasonably be regarded as being intended to influence a person (see the General Module for further guidance).

Arranging Custody: Arranging for one or more persons to carry on the activity of providing custody (see the General Module for further guidance).

Insurance Intermediation: Includes advising on insurance, or acting as agent for another person in relation to the buying or selling of insurance for that other person, or making arrangements with a view to another person, whether as principal or agent, buying insurance (see the General Module for further guidance).

Insurance Management: The provision of management services or the exercising of managerial functions for an insurer (person effecting or carrying out contracts of insurance), including administration and underwriting (see the General Module for further guidance).

Operating an Alternative Trading System: Making arrangements with a view to another person whether as principal or agent buying or selling an investment by way of operating a facility. This includes, arrangements which are organised on a temporary or permanent basis, a means by which over the counter (OTC) trading of investments can take place, and a system or mechanism, whether an order-driven system, a quote-driven system or a hybrid of such systems, which enables electronic trading or trading by other means and through which (i) offers to buy or sell investments are made or accepted; (ii) buyers and sellers can negotiate the purchase or

sale of investments; (iii) contracts can be entered into for the transfer of ownership of or the title to investments; or (iv) the price of investments, price movements and price and size of the most recent trades are displayed and updated (see the General Module for further guidance).

Providing Fund Administration: The provision of one or more of the following services in relation to a Fund:

- (a) Processing dealing instructions including subscriptions, redemptions, stock transfers and arranging settlements;
- (b) Valuing of assets and performing net asset value calculations;
- (c) Maintaining the share register and unit-holder registration details;
- (d) Performing anti-money laundering requirements;
- (e) Undertaking transaction monitoring and reconciliation functions;
- (f) Performing administrative activities in relation to banking, cash management, treasury and foreign exchange;
- (g) Producing financial statements, other than as the Fund's registered auditor; or
- (h) Communicating with participants, the Fund, the operator, the fund managers, the prime brokers, the regulators and any other parties in relation to the administration of the Fund.

Managing a Profit Sharing Investment Account: The management of an account, portfolio or fund which is a profit sharing investment account.

Effecting Contracts of Insurance: Effecting insurance contracts as principal.

Carrying out Contracts of Insurance: Carrying out insurance contracts as principal.

The table below sets out the minimum capital requirements for each of the above categories.

Category	Base Capital Requirement
Category 1	US\$ 10 million
Category 2	US\$ 2 million
Category 3	US\$ 500,000
Category 2 or 3 that are depositories of mutual funds/OEICs or provide custodial services to other Collective Investment Funds.	US\$ 4 million
Category 4	US\$ 10,000
Category 5	US\$ 10 million

For details of other aspects and components of capital requirements, please refer to the Prudential – Investment, Insurance Intermediation and Banking business (PIB) Module of the DFSA Rulebook found on www.dfsa.ae.

Activity	Capital Requirement
Captive Insurers - Class 1 - Class 2 - Class 3	<ul style="list-style-type: none"> • US\$ 150,000 • US\$ 250,000 • US\$ 1 million
Other Insurers	<ul style="list-style-type: none"> • US\$ 10 million

For details of other aspects and components of capital requirements, please refer to the Prudential – Insurance Business (PIN) Module of the DFSA Rulebook found on www.dfsa.ae.

Authorised Individuals

Authorised Individuals are the officers or employees who carry out defined Licensed Functions within an Authorised Firm. These functions are materially linked to an Authorised Firm's management, and/or the provision of its financial services. Therefore, Authorised Individuals are required to meet specific standards relating to their experience, knowledge, and qualifications.

Licensed functions comprise:	
Senior Executive Officer	An individual who has the ultimate responsibility for the day-to-day management, supervision, and control of an Authorised Firm's financial services conducted in DIFC.
Licensed Director / Partner	An individual who is a director of an Authorised Firm which is either a body corporate or an unincorporated association, or a partner of an Authorised Firm which is either a Partnership or a Limited Partnership
Finance Officer	An individual who is responsible for the financial affairs of an Authorised Firm.
Compliance Officer	An individual who is responsible for compliance matters of an Authorised Firm.
Senior Manager	An individual who is responsible for the management, supervision, or control of one or more parts of an Authorised Firm's financial services, and who is not a Director or Partner of the Authorised Firm.
Money Laundering Reporting Officer	An individual who has responsibility for the Authorised Firm's compliance with the Anti Money Laundering Rules of the DFSA, and any relevant anti-money laundering legislation applicable in the UAE.
Responsible Officer	An individual who is not an employee of the Authorised Firm, but has significant responsibility for the management of one or more aspects of an Authorised Firm's affairs and consequently significant influence over the Authorised Firm.

Individuals who either manage or arrange credit or deal in investments, advise on financial products or credit, deal in investments as an agent or as a principal, or manage a Profit Sharing Investment Account were previously required to be licensed with the DFSA as 'Licensed Representatives'. However, this requirement has been subsequently removed on the basis that it is the Authorised Firm's responsibility to ensure that appropriate individuals are employed to carry out their functions with due care and skill.

All Authorised Firms are required to appoint individuals to the positions of Senior Executive Officer, Finance Officer, Compliance Officer, and Money Laundering Reporting Officer. The extent to which appointments to the other positions are required will depend on the category of the business carried on by the applicant. The DFSA may authorise an individual to perform more than one Licensed Function - subject to certain conditions and restrictions. In addition, the Senior Executive Officer, the Compliance Officer and the Money Laundering Reporting Officer must be residents of the UAE.

The Authorisation Process for Authorised Firms

Applicant Authorised Firms will be assessed in accordance with the following criteria:

- **Fitness and propriety of applicants**

In assessing the fitness and propriety of an applicant, the DFSA will consider, amongst others:

1. Any matter affecting the propriety of the applicant's conduct, whether or not such conduct may have resulted in a criminal offence, the contravention of any laws, or the institution of legal or disciplinary proceedings;

2. A contravention of any provision of financial services legislation or of rules, regulations, statements of principle, or codes of practice;
3. Whether an Authorised Firm has been refused, or has had a restriction placed on the right to carry on a trade, business, or profession requiring a licence, registration or other permission;
4. An adverse finding, or an agreed settlement in a civil action, by any court or tribunal of a competent jurisdiction; and
5. Whether an applicant has been censured, disciplined, publicly criticised, or the subject of a court order.

- **Ownership and group**

The DFSA will consider:

1. The applicant's position within its Group;
2. Any information provided by other regulators regarding the applicant, or any entity within its Group;
3. The background, history, and principal activities of the applicant's management; and
4. Whether the applicant, or its Group, is subject to any adverse effect or considerations arising from its country of incorporation, or the country (or countries) of incorporation of its owners / managers. The DFSA will also consider the type, and level, of regulatory oversight in the country or countries of incorporation, the regulatory infrastructure, and adherence to internationally held conventions and standards.

- **Resources**

The DFSA will decide whether an applicant has sufficient resources, including:

1. Its financial resources and whether it complies, or will comply, with any applicable financial rules;
2. The extent to which it is able to secure additional capital, if required;
3. The availability of sufficiently competent human resources to conduct and manage its affairs;
4. Whether it has sufficient and appropriate systems and procedures to support, monitor, and manage its affairs, resources, and regulatory obligations; and
5. Whether it has appropriate anti-money laundering procedures and systems.

- **Collective suitability of individuals**

Notwithstanding the requirement to employ Authorised Individuals, the DFSA will also consider:

1. The collective suitability of all of the applicant's staff, and whether there is a sufficient range of individuals with appropriate skills and experience to understand, operate and manage the Authorised Firm's affairs;
2. The extent to which the applicant has robust human resources policies; and
3. Whether the applicant has appointed sufficiently experienced auditors, actuaries, and advisers.

The application process for an Authorised Firm is comprehensive and involves:

1. Submitting application forms (which vary according to the classification of the business to be carried out) for the applicant;
2. Submitting applications forms relating to the Authorised Individuals;
3. Providing assurances that relevant procedures and controls (organisational, risk management, compliance, internal audit, business continuity) will be implemented;

4. Preparing and submitting a business plan, together with supporting documentation; and
5. Paying the application fee.

Fees

The fees payable by an Authorised Firm include an application fee, an initial annual fee and a recurring annual fee.

The application fee and the initial annual fee are both payable at the time of application for a licence, but the initial licence fee is apportioned if an application is made part way through a calendar year.

The recurring annual fee is due, and payable, on 1 January of each year.

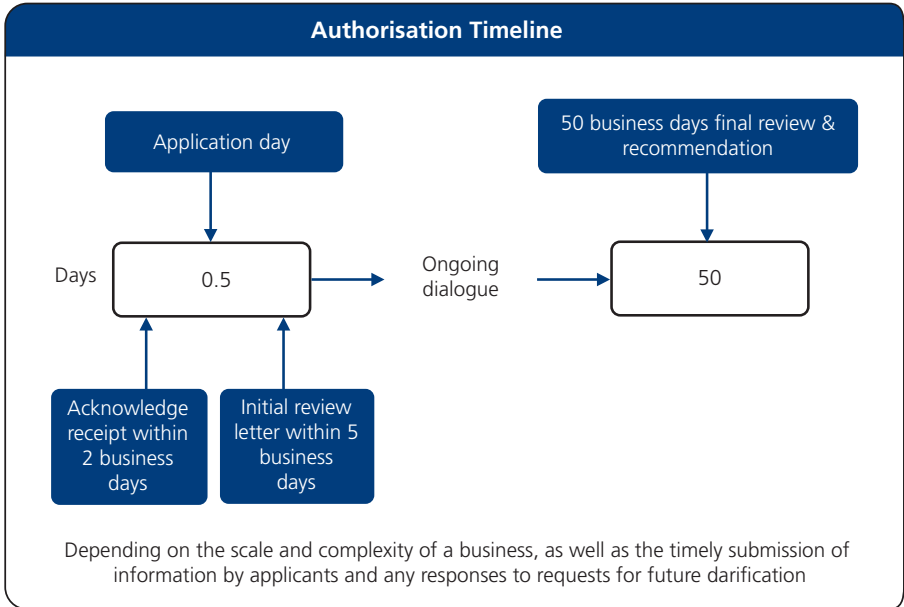
Therefore, in the first year of authorisation, a firm pays both the application fee - which is equal to the recurring annual fee - and the initial annual fee.

The application fee, the initial annual fee, and the recurring annual fee comprise fees payable in respect of Authorised Firms and fees payable in respect of Authorised Individuals.

The fees payable in respect of Authorised Firms and Authorised Individuals are provided in Appendix II.

Estimated Timeframe for the Authorisation Process

The timeline for the authorisation process for Authorised Firms is as follows:



Note: The timeline depends on the scale and complexity of the business, as well as the timely submission of information by applicants and any responses to requests for further clarification.

Ancillary Service Providers

Ancillary Service Providers (ASP), under the DFSA definition, include law firms and accounting firms that at the time of application provide services to one or more licensed institutions. This is verified by submitting a letter from an Authorised Firm or Authorised Market Institution, which states its intent to retain the law firm or accounting firm applying for registration to the DFSA. Law firms and accounting firms that cannot provide such a letter of intent at the time of application fall outside the ASP category and are considered as non-financial, along with all other professional services providers. At a later stage, should such firms commence providing services to an Authorised

Firm or Authorised Market Institution, the firm should seek registration as an ASP.

As mentioned in the previous section, all law firms operating in the Emirate of Dubai must be approved by the Ruler's Court of Dubai, prior to applying to the DFSA for registration as an ASP. Please seek the advice of DIFC Authority Business Development for further information.

Although the requirements for Ancillary Service Providers are comparatively less prescriptive, the DFSA operates the same risk-based approach in evaluating applications from Ancillary Service Providers as it does for Authorised Firms.

The DFSA expects Ancillary Service Providers to comply with its “Ancillary Service Provider Code”, which is set out in the ASP Module of the DFSA Rulebook.

Providers of legal or accountancy services must ensure that partners and professional staff engaged in providing such services are members in good standing of a professional body - which provides a regulatory regime for lawyers or accountants, as applicable - and are permitted under its rules to provide that service in the territory of that body’s jurisdiction.

Designated Individuals

An Ancillary Service Provider must appoint a Designated Individual, or Individuals, to act as a Principal Representative, who will function as the DFSA’s principal contact with the firm, and an Anti Money Laundering Officer. One individual can assume both roles. The designated individual(s) is/ are required to be resident(s) of the UAE.

The Authorisation Process for Ancillary Service Providers

An Ancillary Service Provider must complete the appropriate application form, submit a letter of intent as described above and a copy of its Anti Money-Laundry policies, and pay the required application fees.

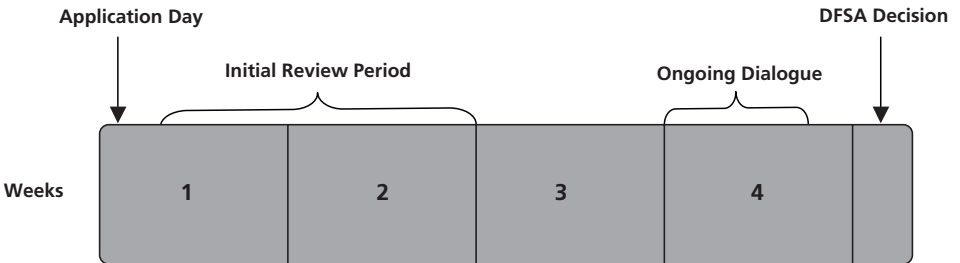
There are no minimum capital requirements imposed. However, Ancillary Service Providers must be able to meet their liabilities as, and when, they fall due.

Fees

The fees applicable to Ancillary Service Providers are provided in Appendix II.

Estimated Timeframe for Authorisation

The timeline for the authorisation process of Ancillary Service Providers is as follows:



Note: The timeline depends on the timely submission of information by applicants and any responses to requests for further clarification.

Authorised Market Institutions

An Authorised Market Institution (AMI) is an entity which carries on, or intends to carry on, the financial service of operating an exchange and/or a clearing house in, or from, DIFC. The DFSA expects that only a small number of licences will be granted in this category.

Applications for an AMI licence are assessed against a set of licensing requirements relating - but not limited to:

- Financial soundness;
- Business rules;
- Systems and controls;
- Investor safeguards;
- Integrity; and
- Complaints resolution.

An AMI is required to demonstrate its ability to meet and maintain the licensing requirements at the time a licence is granted, and at all times thereafter.

Key Individuals

The Governing Body of an Authorised Market Institution must:

- (a) Assign Key Individuals with appropriate levels of experience, knowledge, and qualifications to oversee the regulatory functions;
- (b) Appoint a Key Individual, who is ordinarily resident in the UAE, as a Money Laundering Reporting Officer;
- (c) Have independent directors constituting at least one-half of the total number of directors in the Governing Body and ensure that these independent directors are provided with direct access to Key Individuals when required, and to all relevant information concerning the satisfaction of licensing requirements and the performance of regulatory functions; and
- (d) Ensure that Key Individuals have unfettered, direct access to the Governing Body.

The Authorisation Process for Authorised Market Institutions

There are no specific application forms for Authorised Market Institutions. The applicant must submit a written application to the DFSA demonstrating how it intends to satisfy the licensing requirements and any other applicable requirements of the DFSA; it must also provide the DFSA with copies of any relevant agreements or other information in relation to the application. The application must be accompanied by the relevant fee.

An applicant will only be authorised to carry on either, or both, of the financial services of operating an exchange or operating a clearing house if the DFSA is satisfied that the applicant:

- Has complied, or will comply, with all the licensing requirements in relation to an Authorised Market Institution;
- If applicable, will maintain an Official List of Securities, in a proper and independent manner;
- Is fit and proper; and
- Will conduct and manage its affairs in a sound and prudent manner.

In making the assessment as to whether an applicant is fit and proper, the DFSA will consider:

- The applicant's connection with its controllers, or any other person;
- The financial services concerned;
- Any matter which may harm, or may have harmed, the integrity or the reputation of DIFC;
- The activities of the applicant, the associated risks and accumulation of risks, that those activities pose to the DFSA's objectives;
- The cumulative effect of factors which, if taken individually, may be regarded as insufficient to give reasonable cause to doubt the fitness and propriety of an applicant; and
- Any other relevant matters.

In assessing an application for a licence, the DFSA may:

- Carry out any enquiries which it considers appropriate, including enquiries independent of the applicant;
- Require the applicant to provide additional information in a form the DFSA considers appropriate;
- Require any information submitted by the applicant to be verified in a manner specified by the DFSA; and
- Take into account any information which the DFSA considers relevant.

In assessing an application for a licence, the DFSA may, by means of written notice, indicate the legal form that the applicant must adopt in order for authorisation to be granted. Where the DFSA thinks it appropriate, it may treat an application made by one legal form or person as having been made by the new legal form or person.

Fees

The fees applicable to Authorised Market Institutions are provided in Appendix II and are calculated on the same basis as the fees in respect of Authorised Firms.

Estimated Timeframe for Authorisation

The DFSA aims to process applications from Authorised Market Institutions within three months of receiving all the relevant information. However, in some cases, the assessment may take longer, depending on the scale and complexity of the business as well as the timely submission of

information by applicants and any responses to requests for further information.

Note: Further details on the authorisation process can be found in the General Module (GEN), the Authorisation Module (AUT) and the Authorised Markets Institutions Module (AMI).

Start-ups

Start-up entities are defined as firms that are either new to financial services or existing financial services firms which have not been previously subject to appropriate financial services regulation. New businesses often do not have an adequate management control environment and compliance structure; especially one that has previously not been subject to independent scrutiny and as such, applicants will be scrutinised in greater detail.

Start-up entities are not permitted to apply for a Category 1 licence

The DFSA will adopt a more stringent risk based approach in assessing an application by a start-up and will treat each application on its own merits. Some of the risks that the DFSA will scrutinise include:

Financial Risk: All applicants are required to demonstrate a sound capital base and may be required to disclose the source of their funds and the history of those funds for at least the previous twelve months.

Governance Risk: The DFSA requires that all key control functions, such as risk management, compliance and internal audit be subject to oversight which reflects the size and complexity of the business. Applicants must describe in detail the ownership structure, high level controls and clear reporting lines which demonstrate adequate separation of duties. A full background of owners and directors may also be required.

Operational Risk: The DFSA may impose restrictions on the business activities of the entity until a track record for the company has been established.

Compliance Risk: A start up will be required to appoint a UAE resident Compliance Officer and Money Laundering Officer (MLRO) with the requisite skills and relevant experience in carrying out compliance and anti-money laundering functions.

Start-ups are required to submit the Regulatory Business Plan to DFSA in advance of the application process. The Regulatory Business Plan should carry the following:

- Strategy and rationale
- Corporate structure
- Management and organisational structure
- Proposed resources
- High level controls
- Risk management procedures
- Operational controls
- Systems overview
- Financial projections

Detailing how key risks will be identified, monitored and controlled will significantly assist the DFSA in assessing applications from start-ups.

The Supervision and Enforcement Functions of the DFSA

The following is an overview of the supervision and enforcement functions of the DFSA.

The Supervision Function

Consistent with its approach to authorisation, the DFSA operates a risk-based supervision framework which is contained in the Supervision (SUP) module of the DFSA Rulebook.

The DFSA monitors compliance with the Laws, Regulations and Rules, including provisions relating to anti-money laundering. It supervises Authorised Firms, Authorised Individuals, Authorised Market Institutions and Ancillary Service Providers. The DFSA also undertakes market monitoring and research in order to identify, assess, and address any developments either within, or outside, DIFC which may pose a risk to DIFC, or a particular section of the DIFC community.

The DFSA's approach to supervision is based on the following criteria:

Establishing and operating a risk-assessment framework, which includes identifying, assessing and mitigating risks to the DFSA's objectives.

The DFSA aims to identify and target those areas that pose the highest risks to its objectives. The DFSA adopts a continuous risk-management cycle comprising the identification, assessment, prioritisation, and mitigation of risks. Risks may arise from areas including business, operations, internal controls and compliance arrangements. General risk factors are also included in the risk management process, including external factors that apply either to particular sectors of the regulated community, or to the entire community.

Developing a constructive relationship with a firm and its management, through visits, desk-based reviews, and informal contacts.

The DFSA seeks to establish and maintain an ongoing dialogue with a firm's senior management in order to develop and sustain a thorough understanding of the firm's business, systems, and controls. The DFSA undertakes site visits and desk-based reviews, reviews of periodic returns submitted by firms, and high-level meetings with a firm's senior management. Details of the accounting and prudential reporting returns that must be submitted by Authorised Firms to the DFSA are provided in Appendix III.

Using its supervisory tools effectively and in line with the DFSA objectives and guiding principles.

The DFSA has a range of supervisory tools available to diagnose and monitor risks, and to prevent them from occurring. It selects the appropriate tools for each situation, with a view to optimising cost-effectiveness both for the DFSA and the firm. It responds efficiently, appropriately, and in a risk-based manner, to external events, requests, and notifications affecting regulated firms.

Considering any lead regulation and supervision which a firm or its group may be subject to in other jurisdictions.

The DFSA expects to work closely with the home regulators of entities and individuals, to ensure that mutually satisfactory standards are maintained, that the regulatory supervision programme is effective and efficient, and to promote the exchange of information.

The supervisory approach of the DFSA towards Ancillary Service Providers is of a less restrictive nature and is based on a limited number of administrative arrangements, including compliance

with the anti-money laundering requirements set out in the Ancillary Service Providers (ASP) module of the DFSA Rulebook.

The Enforcement Function

The DFSA expects regulated DIFC participants to demonstrate a strong compliance culture, and to recognise that it is in the interests of the financial services industry for it to meet, or exceed, the required standards. When these standards are not met, enforcement action may become necessary. The DFSA is empowered to conduct investigations into suspected or alleged contraventions of the legislation it administers, and may conduct inspections, compulsorily obtain books and records, or require individuals to participate in interviews under oath or affirmation. The DFSA refers any conduct which could constitute a breach of criminal law to the relevant local, Federal, or international authority.

In general, the DFSA uses its enforcement powers only to the extent necessary to achieve its objectives - and in a way that ensures the legitimate activities of participants in DIFC continue freely.

The DFSA enforcement approach is contained in the Enforcement ("ENF") module of the DFSA Rulebook and is based on the following criteria:

Being pro-active

In keeping with its risk-based approach to regulation, the DFSA adopts a pro-active approach to enforcement and focuses on reducing the risk of non-compliance, wherever possible.

Acting swiftly

In exercising its enforcement powers, the DFSA acts fairly, openly and is accountable for its actions. When it detects conduct that could threaten the integrity of DIFC, it acts swiftly and decisively to stop such behaviour, minimise its effects and prevent similar conduct from recurring.

Ensuring fairness and transparency

The DFSA only takes enforcement action when it is necessary to ensure that DIFC is operating fairly, transparently, and in a way that promotes the confidence of the financial services industry and its customers. The DFSA provides procedural fairness and gives due respect to the rights of those with whom it deals. It upholds such principles as legal privilege and, where information is compulsorily given to the DFSA, protection against self-incrimination in criminal matters.

Keeping the public informed

The DFSA will generally publish the outcomes of enforcement action. This public accountability helps maintain the integrity of DIFC by deterring contraventions of the law or other misconduct, and ensures the fair and transparent discharge of the DFSA's enforcement powers. The DFSA does not generally publicise the commencement of investigations, or provide information on their progress.

Ongoing regional and international co-operation

The DFSA will work closely with other regulators to ensure the effective exchange of information, mutual assistance, and adherence to the highest standards.

Enforcement actions that the DFSA may take include the following:

- Commencing proceedings before the Financial Markets Tribunal.
- Initiating proceedings in the DIFC Courts, seeking, for example, injunctions or orders for winding up, or the appointment of receivers.
- Administrative proceedings relating to a licence, authorisation, or registration. This may include imposing conditions on a licence, withdrawing authorisation or registration, or suspending an Authorised Individual.

- Accepting an enforceable undertaking for a person and/or firm, stating that the parties will undertake certain actions in order to resolve an issue. The DIFC Courts can enforce this undertaking in the event of a breach of its terms.

The DIFC Registrar of Companies and the Registration Process

The role of the ROC is to incorporate and register all companies seeking to establish a presence in DIFC. An entity intending to undertake financial or professional services may commence its application with the ROC, only after it has been authorised by the DFSA.

The principle forms of business enterprise available to all participants within DIFC are:

- Company Limited by Shares (LTD)
- Limited Liability Company (LCC)
- Limited Liability Partnership (LLP)
- Limited Partnership (LP)
- General Partnership (GP)
- Branch of a Foreign Entity (Recognised Entity)
- Investment Company
- Protected Cell Company (for the sole purpose of conducting insurance business)

In addition to the above, DIFC also permits the migration of entities to, and from, DIFC (Transfer of Incorporation/Continued Company).

Businesses Not Engaged in Financial or Ancillary Services

Businesses not engaged in financial or ancillary services that intend to establish themselves in DIFC must go through a two-stage process. The first

stage requires the completion of an application form, which must include the following details:

- Name of proposed company
- Proposed legal entity (one of the above, excluding a protected cell company)
- Proposed business activity
- If the applicant firm is a publicly traded company, details of the listing stock exchange
- If the applicant firm is a subsidiary, the number of employees of the parent company and the locations from which the parent company conducts business.
- If the proposed registration is for a branch (recognised company), details of ultimate shareholders
- Registered office
- Business plan proposal
- Proposed visa requirements
- Proposed office area requirement in DIFC

Together with the application form, the applicant must also submit a business plan on the basis of a template provided by the Business Development Team. The purpose of submitting a business plan is to provide the DIFC Authority with a good understanding of the proposed business. In the business plan it is important to explain the kind of activities proposed, how these will add value to DIFC community, the competencies and merits of the company in question, and why it wants to establish a presence in DIFC. As part of the business plan, the company shall submit its audited annual reports and financial plans for its first three years of operating from within DIFC.

The completed application is then submitted to the DIFC Authority, where it is initially screened by the Business Development Team and then assessed

by the Registration Review Committee (RRC). This process takes approximately two to four weeks, depending on the information submitted and the requirement for further information by the RRC. Upon receiving provisional approval from the RRC, the applicant proceeds with the formation procedures of the selected entity with the ROC. In most circumstances, once a conforming formation application is submitted to the ROC containing all the required documentation, a certificate of incorporation (in the case of an LTD, LLC or LLP) or registration (in the case of a recognised company/branch, LP or GP) and a non-regulatory commercial licence is issued by the ROC within seven days.

The Registration Process

A summary of the registration procedures and legal requirements for each type of legal entity is provided below. These procedures are applicable to both financial and ancillary services regulated by the DFSA as well as non-DFSA regulated businesses.

Applicants wishing to operate from DIFC may select any form of legal entity from which to undertake their operations - subject to the following limited exceptions applicable only to applicants wishing to undertake financial services:

- Only a body corporate can apply for a licence to undertake the business of effecting contracts of insurance, or carrying out contracts of insurance.
- Only a legally incorporated entity or partnership can apply for a licence to undertake the financial service of accepting deposits.
- Protected cell companies can only be used for the purpose of carrying out insurance business.
- An application for an Authorised Market Institution will only be considered from an applicant which is a body corporate, and which

is not an Authorised Firm or an applicant to be an Authorised Firm.

Company Limited by Shares (LTD)

Formation procedures Companies Limited by Shares are incorporated under Law No. 3 of 2006 – Companies Law. The formation procedure begins with the preparation of an application to the ROC, along with relevant DFSA or DIFC Authority approvals (whichever is applicable) The application form must contain the following information, as well as the following documents:

- The name of the proposed Company, which must end with the word “Limited” or its abbreviation “LTD” and, if different, the trade name to be used by the Company;
- The address of the proposed registered office of the Company;
- The nature of the business to be conducted in DIFC;
- The amount of share capital held by the proposed Company, and the manner in which it is to be denominated;
- The full names and addresses of each of the incorporators and (if they are different) the persons who are to serve as directors of the proposed Company;
- Where an incorporator is a body corporate, the application must be accompanied by a copy of the incorporator’s current certificate of incorporation - or registration in its place of origin - certified by the relevant authority in the jurisdiction in which it is incorporated, or otherwise to the satisfaction of the ROC;
- Details of beneficial owners;
- Every other matter that the Registrar of the Companies considers appropriate;
- A copy of the proposed Articles of the Company which, at a minimum, should provide for:

- The purpose of the Company;
- The classes of shares to be created;
- Alteration of share capital;
- The rights attaching to shares or classes of shares;
- The transfer of shares;
- The conduct of the annual general meeting;
- The requisition, by members, of general meetings;
- The proceedings, including voting, at general meetings;
- Accounts, and other information, to be provided to members before every annual general meeting;
- The maximum number of directors;
- The appointment, retirement, disqualification, and removal of directors and other officers;
- The remuneration of directors;
- The powers of directors;
- Proceedings of directors;
- Appointment of the secretary; and
- The keeping of minutes.

Once the Certificate of Incorporation is issued by the ROC, a Company may commence business in DIFC, subject to prior authorisation by the DFSA if the Company intends to undertake financial services or ancillary services activities.

A table of the fees, including the registration fees, levied by the ROC is provided in Appendix I.

Capital structure

Generally, there are no minimum capital requirements for companies undertaking non-financial services business; neither are there any foreign investment limitations. The minimum capital requirements for businesses engaged in financial services at DIFC are set out in the preceding section of this Chapter.

Details of the Company’s share capital and its denomination must be set out in the Company’s

Articles of Association. Shares may be of different classes, having different voting, dividend, and other rights. Preferred shares have the right to a fixed preferential dividend, with no voting rights—unless dividends are in arrears or in other specified circumstances. Ordinary shares usually have voting rights with no restriction on dividends. There are, however, many variations, including the use of additional classes of shares with special rights.

It is not permitted for a Company to issue bearer shares.

All shares must be fully paid when allotted. Subject to any limitations contained within a Company's Articles:

1. Shares may be redeemed;
2. A Company may purchase its own shares;
3. Dividends may be paid as resolved by the directors of a Company (subject to minimum reserve requirements and conformance with any preferential rights attached to certain shareholder criteria being met);
4. Share capital may be altered (increased, consolidated, sub-divided, cancelled, or reduced); and
5. Rights allotted to shares may be varied.

(a) Shareholders, directors and officers

- **Shareholders**

The minimum number of shareholders is one. There are no maximum shareholder requirements. There are no restrictions on the nationality or residence of shareholders; neither are there any restrictions on the holding of shares by another company, or through nominee shareholders. Subject to any restrictions in a Company's Articles, shares may be transferred via the execution of a proper instrument of transfer.

Details of all shareholdings must be recorded in the Company's share register.

- **Directors**

The management of the business of a Company rests with its Directors, who are usually appointed by the shareholders to hold office for periods specified in the Articles.

A minimum of two directors is required for a DIFC incorporated Company. A Company is not permitted to appoint a corporate body or an un-discharged bankrupt as a director. There is no requirement for directors to be residents in the UAE.

- **Company secretary**

A Company must appoint a Secretary, although there is no requirement for the Secretary to be a resident of UAE. However, pursuant to the Companies Law, a company secretary cannot also be a director.

- **Meetings**

Every Company incorporated in DIFC must hold an annual general meeting of shareholders each calendar year and not more than six months after the end of its financial year. Such meetings may be held outside of DIFC, but the original minutes of the meeting must be kept at the DIFC registered office. The first annual general meeting must be held no later than 18 months after the date of incorporation. At least 21 days' notice in writing must be given, unless all the shareholders entitled to attend and vote agree to a shorter notice. Business conducted at the annual general meeting is regulated by the Company's Articles and typically includes consideration of the Company's annual accounts, thereports of the directors and auditors, the declaration of dividends, the election of directors in

place of those retiring, and the appointment and fixing of the remuneration of the auditors.

The annual accounts of the Company must be filed with the ROC within seven days of the date of the annual general meeting (except for an Authorised Firm, Authorised Market Institution, Recognised Body or Recognised Member).

Extraordinary general meetings may be called by the Company, as necessary, for specified purposes. Subject to the Articles, a majority in number, accounting for not less than 95 percent of the issued share capital, may call for an extraordinary general meeting.

Records, financial year and statutory audit

• Records

A Company is required to maintain:

- (a) A register of its members and shares held;
- (b) A register of directors;
- (c) A register of secretaries
- (d) A minutes register; and
- (e) Adequate accounting records.

• Financial year

Every company is required to prepare annual financial statements, the first financial statements covering a period not exceeding 18 months. Accounts should be prepared in accordance with accounting principles or standards approved by the ROC (typically those that comply with International Financial Reporting Standards,) and shall show a true and fair view of the profit or loss of the Company for the period, and of the state of the Company's affairs, at the end of the period. Where a Company is a member of an international corporate group that prepares its financial statements in accordance with another accounting framework, the Company may prepare

its financial statements in accordance with that other framework - provided it has the prior written consent of the ROC, and subject to any conditions that the ROC may impose.

Within 6 months after the end of the financial year, the accounts for that year shall be:

- (a) Prepared and approved by the directors;
- (b) Examined and reported upon by an auditor; and
- (c) Presented at the annual general meeting together with a copy of the auditor's report.

• Auditors

Every Company incorporated within DIFC must appoint an independent auditor or auditors, registered with the DFSA or a DIFC entity or auditor or auditors recognised by the DIFC Registrar of Companies. The first auditors may be appointed by the Directors at any time before the first annual general meeting, to hold office until the conclusion of the meeting. Subsequently, auditors are appointed by the shareholders at the annual general meeting, to hold office until the next annual general meeting.

Limited Liability Company (LLC)

Limited Liability Companies are incorporated under Law No. 3 of 2006 – Companies Law. The formation process is almost identical to that of a Company Limited by Shares, although a Limited Liability Company is required to add 'Limited Liability Company' or 'LLC' after the company's name.

A LLC may be incorporated to conduct any lawful business that is not an activity regulated by the DFSA under the DIFC Regulatory Law of 2004. Furthermore, a LLC may not raise capital through public subscription and is subjected to a less

regulatory regime. As such it is the intention that this form of company be used for non-financial services, such as food operators.

Limited Liability Partnership (LLP)

(a) Limited Liability Partnerships are formed under Law No. 5 of 2004 – Limited Liability Partnership Law. By signing and filing with the Registrar an application for incorporation, any two or more persons may apply for the incorporation of a Limited Liability Partnership, in accordance with the terms of the Limited Liability Partnership Agreement. The liability of a partner for the debts of a partnership is limited to each partner's capital contribution. One of the partners in the Limited Liability Partnership shall be the Designated Partner primarily responsible for the Partnership's accounts.

Formation procedures

(b) The formation procedures begin with the submission of an application to the ROC, along with relevant DFSA or DIFC Authority approvals, where required. An application requires the submission of the application form, along with the following documents to the ROC:

- The name of the Limited Liability Partnership, which must end with the words "Limited Liability Partnership" and, if different, the trade name to be used by the Limited Liability Partnership.
- The address of the Limited Liability Partnership's registered office within DIFC.
- The nature of the business to be conducted.
- The name, address, date and place of birth of each of the persons who are to be members of the Limited Liability Partnership on incorporation. Where a person applying for the incorporation of a Limited Liability Partnership is a body

corporate, the application must be accompanied either by a copy of the incorporator's current certificate of incorporation (or registration in its place of origin), or a document of similar effect, certified by the relevant authority in the jurisdiction in which it is incorporated, or otherwise required by the ROC.

(c) In addition, a copy of the Limited Liability Partnership Agreement should also be submitted to the ROC. The agreement should be drafted in English and provide for the following:

1. The process by which Members may be appointed to, or cease to be, Members of the Limited Liability Partnership;
2. The proceedings at meetings of the Members;
3. Accounts and other information to be provided to Members;
4. The appointment, retirement, disqualification and removal of Members;
5. The powers of Members;
6. The liability of the Members to contribute to the assets of the Limited Liability Partnership in the event of it being wound up;
7. The keeping of minutes.

Once the Certificate of Incorporation is issued by the Registrar, a Limited Liability Partnership may commence business in DIFC - subject to prior authorisation by the DFSA if the entity intends to undertake financial or ancillary services activities.

A table of the fees, including the registration fees, charged by the ROC is provided in Appendix I.

Capital structure

Generally, there are no minimum capital requirements for a Limited Liability Partnership and there are no foreign investment limitations.

The main exceptions to the minimum capital requirements relate to financial institutions, and these are set out in the preceding section of this Chapter.

Relationship of members

The mutual rights and duties of the Members of a Limited Liability Partnership, and the mutual rights and duties of a Limited Liability Partnership and its Members, are governed by the Limited Liability Partnership Agreement.

Records, financial year and statutory audit

- **Maintenance of accounting records**

A Limited Liability Partnership must maintain accounting records (at its offices within DIFC), which clearly show and describe its transactions. These records must disclose, with reasonable accuracy, the financial position of the Limited Liability Partnership at all times.

- **Register maintained by the ROC**

The following record of a Limited Liability Partnership is maintained by the ROC and is available for public inspection:

1. Name, registration number, and date of registration (together with history of any changes);
2. Current, and former, registered offices;
3. Current and former Members, together with dates of registration and cessation;
4. Auditor;
5. In the case of a branch of a foreign Limited Liability Partnership, the country in which the parent Limited Liability Partnership is incorporated; and

6. The Limited Liability Partnership's financial year end.

- **Financial year**

A Limited Liability Partnership must prepare annual financial statements, the first financial statements of which cannot cover a period exceeding 18 months. Accounts should be prepared in accordance with accounting principles or standards approved by the ROC (typically those that comply with International Financial Reporting Standards), and must show a true and fair view of the profit, or loss, of the Limited Liability Partnership for the period - and of the state of the Limited Liability Partnership's affairs at the end of the period.

Within 6 months after the end of the financial year, the accounts for that year shall be:

1. Prepared and approved by the Members; and
2. Examined and reported upon by an auditor.

- **Auditors**

As per DIFC Law No. 5 of 2004 article 28.4.b, all Limited Liability Partners must have their accounts audited and presented within six months of the end of its financial year.

Limited Partnership (LP)

Limited Partnerships are formed under Law No. 4 of 2006 – Limited Partnerships Law. By signing and filing with the registrar an application for incorporation, any two or more persons may apply for the incorporation of a Limited Partnership in accordance with the terms of the Limited Partnership Agreement. One or more partners in the Limited Partnership are referred to as the

General Partner(s) and shall be liable for all the debts and obligations of the Limited Partnership. The liability of the Limited Partner is limited to that partner's capital contribution.

Formation procedures

The formation procedures begin with the submission of an application to the ROC along with relevant DFSA or DIFC Authority approvals, where required. An application requires submission to the ROC of the application form along with the following documents:

- The name of the Limited Partnership, which must end with the words 'Limited Partnership' (or LP) and, if different, the trade name to be used by the Limited Partnership;
- The address of the registered office of the Limited Partnership in DIFC;
- The nature of the business to be conducted;
- When the proposed General Partner is an individual, the full name and address, the date and place of birth and all former given or family names of the proposed General Partner;
- Where a proposed general partner is a body corporate, its full corporate or firm name and address of its registered or principal office;
- The amount and type of contribution by each limited partner

In addition, a copy of the Limited Partnership Agreement should also be submitted to the ROC. The agreement should be drafted in English and should provide for the following:

1. The process by which Members may be appointed to, or cease to be, Members of the Limited Partnership;
2. The proceedings at meetings of the Members;

3. Accounts and other information to be provided to Members;
4. The appointment, retirement, disqualification and removal of Members;
5. The powers of Members;
6. The liability of the Members to contribute to the assets of the Limited Partnership in the event of it being wound up;
7. The keeping of minutes.

Once the Certification of Registration is issued by the Registrar, a Limited Partnership may commence business in DIFC - subject to prior authorisation by the DFSA if the entity intends to undertake financial or ancillary service activities.

A table of the fees, including the registration fees, charged by the ROC is provided in Appendix I.

Capital structure

Generally, there are no minimum capital requirements or foreign investment limitations for a Limited Partnership. The main exceptions to the minimum capital requirements relate to financial institutions, which are set out in the preceding section of this Chapter.

Relationship of members

The mutual rights and duties of the Members of the Limited Partnership, and the mutual rights and duties of a Limited Partnership and its members, are governed by the Limited Partnership Agreement. Limited Partners are not allowed to take part in the management of the business of the Limited Partnership and cannot sign or transact on behalf of the business. If a Limited Partner does participate, that Limited Partner will be liable for all debts and obligations of the Limited Partnership. Limited Partners have the right to claim the return

of their contribution and are allowed to participate in the distribution of profits.

Records, financial year and audits

- **Maintenance of accounting records**

A Limited Partnership must maintain accounting records at its offices which clearly show and describe its transactions. These records must reflect the financial position of the firm with reasonable accuracy.

- **Register maintained by the ROC**

The following record is maintained by the ROC:

- Name, registration number and date of registration along with a history of any changes
- Current and former registered offices
- Current and former Members, together with dates of resignation and cessation
- In the case of a branch of a foreign Limited Partnership, the country in which the parent Limited Partnership is incorporated

- **Audit**

Unless the Partnership Agreement otherwise provides, it is not necessary for a Limited Partnership to appoint an auditor or to have its accounts audited.

General Partnership (GP)

General Partnerships are formed under Law No. 11 of 2004 - General Partnership Law. Under the General Partnership Law, all partners are jointly, and severally liable without limit, for the debts and obligations of the partnership. A General Partnership is generally governed by the terms of a Partnership Agreement, but there is no requirement to file the Partnership Agreement with the ROC.

Formation procedures

(d) The formation procedures begin with the submission of an application to the ROC, with relevant DFSA or DIFC Authority approvals, where required. The application must contain the following information:

- The name of the General Partnership, which must end with the words "Partnership" and, if different, the trade name of the General Partnership;
- The address of the General Partnership's registered office within DIFC;
- The nature of the business to be conducted; and
- The name, address, date, and place of birth of each of the persons who are to be Members of the General Partnership on establishment. Where a person applying for the establishment of a General Partnership is a body corporate, the application must be accompanied by a copy of its current certificate of incorporation, registration in its place of origin, or a document of similar effect, certified by the relevant authority in the jurisdiction in which it is incorporated or otherwise required by the ROC.

Upon the issuance of a Certificate of Registration by the ROC, a General Partnership may commence business in DIFC subject to prior authorisation by the DFSA if the General Partnership intends to undertake financial or professional service activities.

A table of the fees, including the registration fees, charged by the ROC is provided in Appendix I.

Capital structure

Generally, there are no minimum capital requirements or foreign investment limitations for

a General Partnership. The main exceptions to the minimum capital requirements relate to financial institutions, which are set out in the preceding section of this Chapter.

Relationship of members

Unless otherwise agreed by all the partners:

1. Every partner may take part in the management of the General Partnership business;
2. No person may become a partner without the consent of all existing partners; and
3. Any differences that arise regarding ordinary matters connected with the General Partnership business may be decided by a majority of the partners, but no change may be made in the nature of the General Partnership business without the consent of all existing partners.

Unless otherwise agreed by all the other partners, each partner is liable personally and jointly along with the other partners for all debts and obligations incurred by the General Partnership during the period in which the person was a partner. Accordingly, the law provides that a person admitted as a partner to an existing General Partnership does not become liable to the creditors of the General Partnership for liabilities incurred by the General Partnership before becoming a partner. Equally, an outgoing partner is not liable for the General Partnership's debts or obligations incurred after the person ceases to be a partner.

Records, financial year and statutory audit

- **Register maintained by the ROC**

The following record of a General Partnership is maintained by the ROC and is available for public inspection:

1. Current name, registration number, and date of registration;

2. Former names and dates of registration of every change of name;
3. Current, and former, registered office or place of business, together with relevant dates;
4. Current partners and the date of registration of current partners;
5. Former partners and the dates of registration and cessation of former partners;
6. In the case of a branch of a foreign General Partnership, the country in which the foreign General Partnership is incorporated; and
7. The General Partnership's financial year end.

- **Financial year, accounting and auditing**

The law does not stipulate any statutory financial, accounting or audit requirements.

Branch of a Foreign Entity (Recognised Entity)

Branches of foreign companies, limited liability partnerships, limited partnerships and general partnerships may be established within DIFC as Recognised Entities.

Under the Company Regulations, Limited Liability Partnership Regulations and Limited Partnership Regulations, a foreign company, a limited liability partnership or a limited partnership establishing a place of business in DIFC must register with the ROC by completing the relevant application form, along with relevant DFSA of DIFC Authority approvals (where required), and filing the following documents with the ROC (translated into English, where applicable):

- A copy of the current certificate of its incorporation or registration in its place of origin, or a document of similar effect, certified by the relevant authority in the jurisdiction in

which it is incorporated, or otherwise to the satisfaction of the ROC;

- A copy of its charter document or equivalent, certified as a true copy by a secretary or director of the company; and
- A copy of the company's most recent audited accounts, filed with the relevant authority in the jurisdiction in which it is incorporated, or otherwise to the satisfaction of the ROC.

Under the General Partnership Regulations a foreign general partnership intending to establish a business in DIFC as a Recognised Partnership is only required to complete and submit an application form to the ROC in order to register as a recognised entity in DIFC.

If the branch intends to undertake the business of an Authorised Firm or an Ancillary Service Provider, it must first seek authorisation to do so by the DFSA.

The branch is required to:

1. Appoint a branch manager - who should be resident in the UAE - or a business registered in DIFC to receive communications on behalf of the foreign corporation; and
2. Have a place of business in DIFC to which all communications and notices may be addressed.

A table of the fees, including the registration fees, charged by the ROC is provided in Appendix I.

Investment Company

Investment Companies can be incorporated under Law 3 of 2006, Companies Law and Part 13 of the Companies Regulations and must in addition

comply with Law No. 1 of 2006, Collective Investments Law. An Investment Company may be incorporated as either an Open Ended Investment Company or a Closed Ended Investment company. A company is allowed to convert from one to another provided that the company's Articles of Association and the DFSA permit it to do so.

Formation Procedures

An application to incorporate or convert to an Investment Company or to convert an existing Investment Company must be accompanied by a copy of the consent from the DFSA for the change of legal establishment. In addition, the registration application must include:

- The Constitutions of funds operated by the Investment Company
- Prospectuses of funds operated by the Investment Company
- Certification by the legal advisors indicating that each fund's constitution abides by the applicable laws
- Details of the kinds of property in which the Investment Company intends to invest
- A statement of the objectives of the Investment Company with regards to its investments in property
- Any other requirements of the DFSA under the Collective Investments Law
- Incorporation either as a Public Fund (more than 100 unit-holders), or as a Private Fund (less than 100 unit-holders).

Records, financial year, and statutory audit

- **Financial Year**

A registered Private Fund's accounting period commences from its date of registration, which

in the case of a Private Fund is on the date of notification to the DFSA.

An operator of the company must prepare and maintain all financial accounts and statements in accordance with either US GAAP or IFRS, as supplemented by the Statement of Recommended Practice (SORP) issued by the UK Investment Managers Association

If the fund is an Islamic Fund, the Operator must prepare all financial statements in accordance with FAS 14 issued by the AAOIFI.

- **Records**

An operator must produce one annual report in respect of each Fund that operates within four months after the end of each accounting period and an interim report at the end of each interim accounting period. The interim accounting period is 6 months after the date of registration with the DFSA (notification for a Private Fund).

All Investment Companies are required to appoint an auditor and each annual report must be audited.

Other rules and guidelines

- The Articles of an Open Ended Investment Company must state that it is an Open Ended Investment Company with variable share capital
- Persons that participate in the Fund (Unit-holders) must not be involved in the day-to-day management of the Fund
- A specific format for different types of funds' prospectuses, annual reports and interim reports is required by the DFSA

(a) Protected Cell Company

The Companies Law provides for the incorporation or the conversion of a Company Limited by Shares to a Protected Cell Company. A Protected Cell Company may only be incorporated if the Company is formed, and will operate, for the sole purpose of conducting insurance business and the DFSA has given its prior written consent.

A "cell" is created by a Protected Cell Company for the purpose of segregating and protecting cellular assets. A Protected Cell Company is a single legal person and the creation by a Protected Cell Company of a cell does not create a legal person separate from the Company. A Protected Cell Company may create and issue cell shares. The cell share capital comprises the cellular assets attributable to the cell in respect of which the cell shares were issued.

The manner in which the assets and liabilities of a Protected Cell Company are held is as follows:

- The assets of a Protected Cell Company are either cellular assets, or non-cellular assets.
- The cellular assets of a Protected Cell Company comprise the assets of the Company attributable to the cells of the Company.
- The assets attributable to a cell of a Protected Cell Company are represented by the proceeds of cell share capital and reserves, including retained earnings, capital reserves and share premiums, attributable to that particular cell.
- The non-cellular assets of a Protected Cell Company comprise the assets of the Company, which are not cellular assets.
- Income, receipts and other property or rights of, or acquired by, a Protected Cell Company not otherwise attributable to any cell shall be applied to and comprised in the Company's non-cellular assets.

The proceeds of the issue of shares, other than cell shares created and issued by a Protected Cell Company, comprise the Company's non-cellular assets.

A Protected Cell Company is not permitted to use any cellular assets attributable to any cell of the Company to satisfy a liability not attributable to that cell. Similarly, a creditor to a particular cell does not have recourse against the cellular assets of any other cell or the non-cellular assets of the Company.

(b) Dividends

A Protected Cell Company may pay cellular dividends in respect of cell shares. Cellular dividends may be paid in respect of cell shares by reference only to the cellular assets and liabilities, or the profits and losses, attributable to the cell in respect of which the cell shares were issued. Accordingly, no account is taken of:

1. The profits and losses, or the assets and liabilities, attributable to any other cell of the Company; or,
2. Non-cellular profits and losses, or assets and liabilities.

Other compliance requirements

In addition to the compliance requirements of Companies Limited by Shares, a Protected Cell Company must also prepare documentary evidence of title to cell shares. Each certificate must state:

1. The cell to which the cell shares relate;
2. The number of cell shares, the title to which is evidenced by the certificate;
3. Where the Company has more than one class of cell shares, the class of cell shares; and
4. The name of the holder.

The name of a Protected Cell Company must also include the expression "Protected Cell Company",

or PCC. In addition, each cell of a Protected Cell Company is required to have its own distinct name or designation.

Company Migration

(c) Transfer of incorporation to DIFC

The Law No. 3 of 2006, Companies Law and the law No. 4 of 2006, Limited Partnership Law, permits foreign entities to migrate to DIFC. Once migration has been completed, the Foreign Company/Partnership will be governed by the laws and regulations of DIFC. The process of migrating a company/partnership to DIFC involves registration of the following with the ROC:

1. The Company's/Partnership's name and, if different, its trade name;
2. The address of the Company's/Partnership's place of business in DIFC;
3. The nature of the Company's/Partnership's business;
4. The names and addresses of the Company's directors or Partnership's partners; and,
5. Any other declaration, certification, information, document or confirmation required by the ROC.

The following documents must also be submitted to the ROC in support of an application:

1. A copy of the current certificate of incorporation of the Foreign Company/Partnership, and a copy of the Articles of Association/Partnership Agreement or other constitutional document, certified by the relevant authority in the jurisdiction in which the Foreign Company/Partnership is incorporated;
2. Evidence satisfactory to the ROC that the Foreign Company/Partnership is permitted by the laws of the jurisdiction in which it is incorporated to continue operating under the laws of another jurisdiction, and that it has complied with all the relevant requirements;

3. Evidence satisfactory to the ROC that all necessary consents in the original jurisdiction of incorporation have been obtained and certified by the relevant authorities;
4. A copy of the Foreign Company's/Partnership's most recent audited accounts filed with the relevant authority in the jurisdiction in which it is incorporated; and,
5. The relevant fee (see Appendix I).

In addition, the directors/partners of the Foreign Company/Partnership are required to certify that:

1. The Foreign Company/Partnership is solvent;
2. That there is no reasonable prospect of the Foreign Company/Partnership becoming insolvent at the time of the application; and
3. There are no applications made to any court:
 - a. To put the Foreign Company/ Partnership into liquidation;
 - b. To wind up the Foreign Company/ Partnership;
 - c. To have the Foreign Company/Partnership declared insolvent; or
 - d. For the appointment of a receiver in relation to any property of the Foreign Company/Partnership.

A Foreign Company/Partnership which is an Authorised Firm, Authorised Market Institution, or an Ancillary Service Provider and which wishes to transfer its incorporation to DIFC is required to obtain the prior written consent of the DFSA.

Once the migration has been approved, the ROC issues a certificate of continuation which is conclusive evidence that the Foreign Company/

Partnership is a DIFC-registered Company/ Partnership from the date of continuation stated in the certificate. The certificate sets out the following information:

1. The name of the Company/Partnership;
2. The Company's/Partnership's registration number;
3. A statement that the Foreign Company/ Partnership is to continue as a DIFC Company; and,
4. The date of continuation.

Transfer of incorporation from DIFC

Under the Companies Law and Limited Partnership Law it is also possible for a DIFC Company/ Partnership to migrate from DIFC to another jurisdiction. The process is as follows:

At the start of the process, the Company/ Partnership must place a comprehensible notice, 60 days prior to making the application, in one or more newspapers or publications so as to sufficiently bring the transfer to the attention of anyone that may be affected. The Company/ Partnership shall then make an application to the ROC accompanied by:

1. A certified copy of a special resolution of the Company's partnership's members, approving the transfer of the Company's/Partnership's incorporation, and its continuation as a Foreign Company;
2. Evidence acceptable to the ROC that the laws of such other jurisdiction allow the Company/ Partnership to transfer its incorporation and be continued under the laws of another jurisdiction;

3. The DFSA's written consent if the Company/ Partnership is an Authorised Firm, Authorised Market Institution, or an Ancillary Service Provider;
4. Any declaration, certification, information, document, or confirmation required by the ROC; and
5. The relevant fee (see Appendix I).

The directors/partners of the Company/Partnership are also required to certify that:

1. The Company/Partnership is solvent;
2. There is no reasonable prospect of the Company Partnership becoming insolvent at the time of the application; and

3. There are no applications made to any court:
 - a. To put the Company/Partnership into liquidation;
 - b. To wind up the Company/Partnership;
 - c. To have the Company/Partnership declared insolvent; or
 - d. For the appointment of a receiver in relation to any property of the Company/ Partnership.

A table of the fees, including the registration fees, charged by the ROC is provided in Appendix I.



Chapter 6
Overview of the Laws and Regulations at DIFC

Overview of the Laws and Regulations at DIFC

Laws, Rules and Regulations

All businesses registered at DIFC are subject to the laws of DIFC, which are independent of the civil and commercial laws of the UAE.

Legislation has been enacted to govern the day-to-day requirements and operations of financial institutions, companies and individuals within DIFC. They are clear and concise, and provide certainty as to the rights and obligations of entities operating in or from DIFC.

The laws are modelled on the best practices of the world's major financial jurisdictions and embody the best of international financial and commercial law.

The laws are principle-based, allowing for the creation of subsidiary legislation such as rules and regulations.

Laws have been enacted which in effect constitute a "commercial code". These laws include the Companies Law, Contract Law, Arbitration Law and Insolvency Law, among others, administered by the DIFC Authority. Other laws deal with the

application of civil and commercial laws in DIFC. The financial services legislation includes, among others, the Regulatory Law, the Markets Law, the Data Protection Law, and the Law Regulating Islamic Financial Business. All these laws are administered by the DFSA.

Rules made under the core financial services legislation are subsidiary legislation. These rules are contained in the DFSA Rulebook, which comprises topic-area modules specifying their scope, and the audience to which they apply. Other rules will also be created, such as Rules of the Court under the Courts Law.

Regulations are subsidiary legislation enacted by the DFSA Board of Directors, the DIFC Authority Board of Directors, or other DIFC body under any DIFC Law. Regulations currently enacted and administered by the DIFC Authority are the DIFC Authority Operating Regulations and the DIFC Company Regulations, both of which apply to companies incorporated under the Companies Law, the Limited Partnership Law and the General Partnership Law.

Summary of Laws

Following are the laws promulgated by DIFC at the time of the publication of this Guide:

DIFC Law No.	Law	Administrative Authority		
		DIFC Authority	DFSA	DJA
1 of 2004	Regulatory Law		✓	
2 of 2004	Amended and Restated - now Law No. 3 of 2006	✓		
3 of 2004	Law on the Application of Civil and Commercial Laws	✓		
4 of 2004	Amended and Restated - now Law No. 10 of 2005	✓		
5 of 2004	Limited Liability Partnership Law	✓		
6 of 2004	Contract Law	✓		
7 of 2004	Insolvency Law	✓		
8 of 2004	Arbitration Law	✓		
9 of 2004	Amended and Restated - now Law No. 1 of 2007	✓		
10 of 2004	DIFC Court Law			✓
11 of 2004	General Partnership Law	✓		
12 of 2004	Markets Law		✓	
13 of 2004	Law Regulating Islamic Financial Business		✓	
4 of 2005	Employment Law	✓		
5 of 2005	Law of Obligations	✓		
6 of 2005	Implied Terms in Contracts and Unfair Terms Law	✓		
7 of 2005	Law of Damages and Remedies	✓		
8 of 2005	Law of Security	✓		
9 of 2005	Personal Property Law	✓		
10 of 2005	Law Relating to the Application of DIFC Laws (Amended and Restated)	✓		
11 of 2005	Trust Law		✓	
1 of 2006	Collective Investments Law		✓	
3 of 2006	Companies Law (Amended and Restated)	✓		
4 of 2006	Limited Partnership Law	✓		
5 of 2006	Investment Trust Law			
1 of 2007	Data Protection Law (Amended and Restated)	✓		
4 of 2007	Real Property Law	✓		
5 of 2007	Strata Title Law	✓		

Overview of the DIFC Court Law Administered by the DJA

The purpose of this law is to provide for the independent administration of justice in DIFC, in accordance with Dubai Law No. 9 of 2004 and Dubai Law No. 12 of 2004. Dubai Law No. 9 of 2004 defines the components of DIFC and provides for the establishment of a Judicial Authority, whereas Dubai Law No. 12 of 2004 establishes the Court of First Instance and the Court of Appeal at DIFC and defines the jurisdiction of each court. The DIFC Court Law (DIFC Law No. 10 of 2004) deals with a range of matters including the composition, management and jurisdiction of the DIFC Courts, as well as judicial practice and procedure.

Overview of Laws and Regulations Administered by DIFC Authority

Companies Law

This law enables limited liability companies to be established within DIFC and allows for the recognition of foreign companies, thus enabling such companies to conduct business within DIFC. By regulation, the law also permits the incorporation of protected cell companies and the transfer of incorporation of companies to and from DIFC. The law adopts a practical approach to the incorporation of companies at DIFC, thereby aiming to attract international and regional participants. The law governs the formation and registration of companies in DIFC, the administration of their affairs and their membership and share capital. The law prescribes the duties and responsibilities of directors, and the accounting and auditing requirements of DIFC-incorporated entities. It also defines the role of the ROC and establishes its powers and duties.

Law on the Application of Civil and Commercial Laws

The objectives of this law are to provide certainty regarding the rights, liabilities and obligations of persons in relation to civil and commercial matters arising in DIFC; and allow persons to adopt the laws of another jurisdiction in relation to civil and commercial matters arising in DIFC. The law prescribes the following hierarchy of choice of jurisdiction in any civil or commercial matter at DIFC: laws in force at DIFC; failing which, the law of any jurisdiction other than that of DIFC expressly chosen by any DIFC law; failing which, the laws of a jurisdiction as agreed between all the relevant persons concerned in the matter; failing which, the laws of the jurisdiction which appears to the court or the arbitrator to be the one most closely related to the facts and the persons concerned in the matter; failing which, the laws of England and Wales.

Law Relating to the Application of DIFC Laws

This law establishes the applicable law of contracts, property and securities, and also recognises trusts constituted under the laws of other jurisdictions. The law stipulates that the existence, validity, effect, interpretation and performance of a contract is determined by the law which governs it. The law also establishes that property is governed by the law of the jurisdiction where the property is located, and security is governed by the law of the jurisdiction of the issuer of the security. The law further stipulates that the existence, validity, and interpretation of a trust are determined by the law under which a trust is constituted.

General Partnership Law

This law enables general partnerships to be established within DIFC and sets out procedures

for the formation and registration of a general partnership; it also deals with matters such as the administration of the affairs of a general partnership, the duties of partners, the power of partners to bind the general partnership and to be bound by acts undertaken on behalf of the general partnership, the liabilities of partners, and the dissolution of general partnerships. This law has been described in detail in Chapter Five of this Guide.

Limited Partnership Law

This law enables Limited Partnerships to be established within DIFC and sets out procedures for the formation and registration of a Limited Partnership. A Limited Partnership is composed of at least one General Partner, who is liable for debts of the firm, and a Limited Partner whose liability is limited. A Limited Partner is also not allowed to participate in the day-to-day operation of the firm. It also deals with the administration of the Limited Partnership's affairs, the duties of Partners, the requirements of a Partnership Agreement, the liabilities of the Partners and their rights to any surplus. The law also allows foreign partnerships to set up in DIFC as Recognised Partnerships and outlines the process required of them to do so. This law has been described in detail in Chapter Five of this Guide.

Limited Liability Partnership Law

This law allows for the incorporation of limited liability partnerships, whereby the liability of an individual partner is limited to the amount of the capital contributed by such partner. The law also provides for the registration of foreign limited liability partnerships and recognised limited liability

partnerships at DIFC. The law covers a number of matters relating to limited liability partnerships, including formation and registration procedures, administration of the affairs of a limited liability partnership, the duties of members and their relationship with other members, and accounting and audit requirements. This law has been described in detail in Chapter Five of this Guide.

Contract Law

This law governs contractual relationships within DIFC, and establishes a simple, workable legal framework that governs the formation, validity, interpretation, content, and assignment of contracts. It also allows for freedom of contract and the creation of binding contracts without formalities. The law further establishes rules relating to the performance of contractual obligations, and provides effective redress in the event of non-performance for aggrieved contracting parties and third party beneficiaries. The law also recognises the agency relationship and prescribes the duties and acts of an agent.

Insolvency Law

This law governs the voluntary arrangement between a company and its creditors, the receivership of the property of a company—including the duties and powers of the receiver—and the winding up of a company, including the duties and powers of the liquidator and the protection of assets in liquidation. The law also applies to other types of companies, including foreign companies, recognised companies and limited liability partnerships.

Arbitration Law

This law introduces an international standard of arbitration for parties to resolve their commercial

differences, providing the basis upon which arbitration is conducted within DIFC. It is based on the United Nations Commission on International Trade Law model, and is in line with international arbitration standards. The law also provides for the recognition and ratification of foreign awards in the jurisdiction of DIFC. This law is in the process of being replaced with the DIFC Arbitration Law 2008. The DIFC-LCIA Arbitration centre has been established on the basis of an agreement between the London Court of International Arbitration (LCIA) and DIFC.

Employment Law

This law prescribes the minimum international standards and conditions of employment for employees at DIFC and deals with matters such as the hiring of employees, the protection of wages, working hours and leave entitlements, maternity rights, obligations of employers and employees, non-discrimination, and the termination of employment. This law is described in detail in Chapter Seven of this Guide.

Law of Obligations

This law establishes the grounds for negligence, misrepresentation, deceit, economic torts, wrongful interference with property, trespass to land and nuisance. The law also establishes the rights of a claimant and the obligations of a defendant under such circumstances. The law further deals with the duties of an insured under an insurance contract, obligations relating to bailment, the salient features of negotiable instruments (including the rights and obligations of the parties thereto), as well as obligations relating to banking and fiduciary relationships.

Implied Terms in Contracts and Unfair Terms Law

This law applies to implied terms in any contract governed by DIFC laws, except for contracts relating to real estate; the formation, or dissolution, of a body corporate or unincorporated association, including its constitution; and the creation or transfer of securities, including any right or interest in securities. Implied terms in contracts governed by this law include contracts for the transfer of property, hire of property, supply of services, and auctions. Subject to the following exceptions, this law also deals with unfair terms relating to liabilities in any contract governed by DIFC law and any other liability arising from, or in relation to, an act or omission in DIFC. The law, however, does not apply to contracts relating to insurance; real estate; the creation, transfer or termination of a right or interest in intellectual property; the formation, or dissolution, of a body corporate or unincorporated association (including its constitution); the creation or transfer of securities (including any right or interest in securities), or employment, except when it is in favour of the employee.

Law of Damages and Remedies

This law establishes the rights of an aggrieved or injured party to damages in the event of non-performance of any contract under the Contract Law or the breach of an obligation under the Law of Obligations. The law also empowers the Court to issue orders in connection with a person's entitlement under this law to compensation, damages, restitution, specific performance, or any other relief or remedy.

Law of Security

This law applies to a transaction - regardless of its form - that creates a security interest in personal

property, or real property by contract, and is equally applicable to the sale of receivables or promissory notes. The law governs the attachment and effectiveness of security interests, the perfection of security interests, their priority, and the rights of third parties. The law also establishes the Security Registry and the Registrar of Securities and empowers the DIFC Authority to develop rules and regulations regarding the administration of the law. The law also sets out the rights of a secured party in the event of default, its right to take possession after default, and the acceptance by a secured party of collateral - or full or partial satisfaction of the obligation - it secures.

Personal Property Law

This law applies to any property which is capable of being owned and transferred under the laws of DIFC other than real property. The law prescribes rules regarding the transfer of property, sets out the rights of the parties to a transfer, and stipulates the procedures governing the transfer of securities and the acquisition of security entitlements.

Data Protection Law

The DIFC is the first body to establish and operate a data protection law in the region.

The Law prescribes rules and regulations regarding the collection, handling, disclosure and use of personal data in DIFC. This Law highlights the responsibilities of DIFC companies and their Data Controllers when processing personal information about their clients including sensitive data. The Law highlights the allowable conditions under which a company may handle personal data as well as the required processes for collecting, storing and processing such data. The Law also refers to

the rights of individuals to whom the personal data relates. Finally, the law relates to the power of the DIFC Authority in performing its duties in respect of matters related to the processing of personal data as well as the administration and application of the Law.

Data protection is an especially important issue for international banking and financial services firms, which increasingly process and exchange personal information electronically. The Law is expected to safeguard such information without hindering the flow of data. Most important, the law will ensure respect of the individual's right to privacy.

Real Property Law

The Real Property Law guarantees ownership of freehold land, buildings and other interest in land within DIFC. Under the law, land transactions are registered in a central register administered by DIFC and, once registered, the Law certifies the land transaction to be fully effective. Title interests registered under the Real Property Law are 'indefeasible' which in practical terms means that a person buying real estate in DIFC, lending on the security of real estate in DIFC, or taking a lease of real estate in DIFC, can be assured that the person's interests are fully protected by the law.

Strata Title Law

The Strata Title Law establishes a system of guaranteed freehold title to units (or lots) in DIFC. The law combines the benefits of guaranteed title under the Real Property Law with an administrative structure designed to oversee the day-to-day management of buildings. The law also deals with the complexities of co-owners association constitutions, master community declarations and

the like. The law also covers the consolidation of strata plans, the collective sale of land and the rights of developers among others.

Overview of Laws and Regulations Administered by the DFSA

Regulatory Law

The Regulatory Law is the most important piece of legislation governing the regulation of financial and related activities in DIFC. This law sets out the type of activities that are regulated in DIFC. It identifies the function of the DFSA as a financial services regulator and sets out the manner in which the DFSA performs its regulatory function, along with the key objectives and principles in accordance with which it must perform those functions. The law also sets out the powers which the DFSA exercises over institutions permitted to undertake financial services in DIFC, and the general power of the DFSA to make rules which enable it to carry out its ongoing regulatory functions. The law sets out structural provisions relating to the DFSA, permits the creation of various dispute resolution mechanisms and sets out the investigation and enforcement powers of the DFSA.

Law Regulating Islamic Financial Business

This law creates the regulatory framework for the conduct of Islamic financial business in or from DIFC. In particular, it sets out the requirements which an Authorised Firm or Authorised Market Institution must meet in order to conduct Islamic financial business.

Markets Law

The Markets Law establishes the regulatory framework for the supervision of Authorised Market Institutions, the offer of securities in

DIFC, the listing and trading of securities on the facilities of an Authorised Market Institution, corporate governance and disclosure requirements for reporting entities, and the prevention of market misconduct.

Trust Law

The purpose of this law is to regulate charitable and non-charitable trusts. It covers aspects such as a trust's choice of governing law, its place of administration, the hierarchy of foreign laws in relation to DIFC laws, the role and scope of judicial proceedings in the operation of a trust, the powers of the Court and the requirements for the creation of a trust. This Law also specifically highlights the duration and allowed purposes of a trust, the duties and powers of a trustee and the trustee's liability for a breach of trust and for any depreciation or loss of profit caused as a result of such a breach. The Law also recognises the appointment of a protector whose consent is required for the exercise of powers by the trustee, and also allows for the creation of a foreign trust.

Collective Investment Law

The DFSA has issued legislation to regulate the fund management industry within DIFC. The Collective Investment Law sets out the framework for regulating funds and permits the operation of various types and categories of collective investment funds in DIFC including property funds, Islamic funds, hedge funds, fund of funds and private equity funds. The amended legislation follows extensive consultation between the DFSA and the funds industry, resulting in a comprehensive and tailor-made regime to meet the demand for a modern, well regulated centre for funds management and administration in the region.

The DFSA will only approve of public funds that take the form of an Investment Company, Investment Partnership or an Investment Trust. The law also governs the offering of units and the arrangements that constitute a Collective Investment Fund. The Law prohibits an Operator or a trustee of a foreign fund within DIFC and one is not allowed to be an Operator or a trustee of a Domestic Fund from outside DIFC. The Law also regulates the marketing of funds (with particular reference to foreign Funds), the oversight of a fund, prospectus requirements and the process for registering a Fund with the DFSA. Domestic Funds must have their accounts audited annually and Islamic Funds must have an appointed Shari'a board.

Investment Trust Law

The Investment Trust Law governs the creation, alteration and termination of Investment Trusts in DIFC. The Investment Trust Law gives persons setting up Collective Investment Funds in DIFC an additional structure in the form of an Investment Trust. Public Domestic Funds can now be structured as an Investment Trust. The Investment Trust structure may also be used by Private Domestic Funds. The law outlines the requirements of the Trust Deed, the requirements of a Trustee, a Trustee's duties and powers. The Investment Trust Law provides additional flexibility and choice for the structuring of managed funds within DIFC. Investment Trust vehicles play an important role in capital markets and will contribute to product innovation within DIFC. Rules have also been created to allow for the issue of Real Estate Investment Trusts (REITs) for the first time in this region, adding a significant new dimension to the region's property market.

Anti-Money Laundering Regulations

The DIFC has implemented stringent anti-money laundering regulations which comply with international norms. The relevant legislation is contained within the Regulatory Law, DIFC Law No. 1 of 2004, and is supported by the DFSA Anti-Money Laundering Rules. These regulations operate in conjunction with Federal Law No. 4 of 2002 of the United Arab Emirates, "Criminalisation of Money Laundering".

All participants within DIFC are required to comply with the Federal Laws and those businesses regulated by the DFSA ("Authorised Firms", "Authorised Market Institutions", "Ancillary Service Providers", "Authorised Individuals" and "Designated Individuals") must also comply with the DFSA Anti Money Laundering Rules.

Suspicious activity reports made under Federal Law No. 4 of 2002 of the UAE should also be copied to the DFSA. In addition, the DFSA will also notify the relevant federal authorities when it detects conduct which it suspects may be related to money laundering.

For the full text of the above or any additional DFSA administered laws and regulations please refer to www.dfsa.ae.

Regulations

DIFC Authority Operating Regulations

These regulations set out the procedure for the application of a commercial licence by a company incorporated under the Companies Law or foreign and recognised companies under the Companies Regulations; the procedure for the establishment

of supra-national and national entities; and the requirement by companies to disclose foreign direct investment. The purpose of the commercial licence is to expedite the contracting for commercial and municipal services, which are essential to the establishment and operation of the licensee's premises, and the carrying out of its on-going operations. The completion of a foreign direct investment disclosure form - issued by the Government of Dubai and in the format attached to these regulations is required for every company registered/incorporated at DIFC.

Companies Regulations

These regulations prescribe the procedures for the incorporation of a company in DIFC, the registration of a foreign company in DIFC, the transfer of incorporation of a foreign company to DIFC, and

the transfer of incorporation of a company from DIFC. The regulations also govern the maintenance of public registers, the accounting and auditing requirements for non-DFSA regulated entities, and the regulation of protected cell companies.

A number of other regulations are available on the DIFC website, including the Real Property Regulations, Non Financial Anti Money Laundering/ Anti Terrorist Financing (AML/CFT) Regulations, Strata Title Regulations, Data Protection Regulations, Limited Partnership Regulations, DIFC Insolvency Regulations and others.

For the full text of the above including any additional DIFC laws, rules and regulations, please refer to www.difc.ae.



Chapter 7 Other Considerations

Other Considerations

Exchange Controls

There are no exchange-control restrictions in the UAE or in DIFC. Businesses operating from within DIFC are therefore free to repatriate capital, profits, and fees without any restrictions.

Taxation

Taxation in the United Arab Emirates

Whilst the UAE Constitution provides that the UAE government has exclusive jurisdiction to legislate in relation to UAE taxes, no federal tax laws have been created to date. Instead, most Emirates constituting the UAE developed their own general income tax decrees in the late 1960s. These decrees continue to apply and potentially levy income tax on all companies (including branches of foreign companies) operating in the respective Emirates at rates of up to 55 percent. The exceptions to this general rule are companies operating in the upstream oil and gas industry and the banking sectors, which are required to pay taxes under separate industry-specific tax regulations enacted by the various Emirates. In the banking sector, only branches of foreign banks are subject to tax on their accounting profits at a rate of 20 percent. There are currently no personal income taxes, withholding taxes, capital or payroll (with the exception of pension contribution obligations in respect of employed UAE/GCC nationals) taxes levied in the UAE.

In order to encourage foreign direct investment into the UAE, individual Emirates have set up (their own) free trade zones. Each free zone is established with its own set of laws and administrative regulations. These rules generally include guaranteed tax holidays ranging from 15 to 50 years (renewable) for businesses and their employees. The laws granting these "tax holidays" are not consistent amongst the various free zones, and each free zone should, therefore, be considered separately.

Taxation within DIFC

The tax environment within DIFC is governed by Article 14 of Law No. 9 of 2004. Firms are currently given a tax holiday which provides for a 50 year zero percent tax rate. The Article is reproduced below:

"The Centre's Bodies and Centre Establishments and their employees shall be subject to a zero rate of tax for 50 (fifty) years from the date of enactment of this Law, including the income tax relating to their operations inside the Centre. The zero rate of tax will also extend to transfers of assets or profits or salaries in any kind of currency to any party outside the Centre for 50 (fifty) years from the date of enactment of this Law. It is permitted to renew this period for a similar period upon issuance of a resolution by the Ruler."

Given the unique juridical status of DIFC, this Article is intended to provide certainty on income and withholding tax for a defined period of time to businesses established and operating from DIFC.

UAE International Double Tax Treaty Network and DIFC

The UAE benefits from an extensive tax treaty network and has signed tax treaties with more than forty-six countries as of January 2008, including Canada, France, Germany, Italy, Luxembourg, Netherlands, Spain, India, Pakistan, Indonesia, and Malaysia (see Appendix IV). The UAE's tax treaties generally follow the OECD model with some exceptions. Naturally, one must also meet the definition of a treaty resident to qualify for treaty benefits and must also consider the form of business registration at DIFC. Most notably, the tax treaties with Germany and Korea include a limitation of benefits article. Each treaty must be considered individually.

To date there are no protocols to the UAE's tax treaties which refer to free zones, or companies registered in free zones in order to limit tax treaty access, i.e. to generally exclude a free zone's access to tax treaty benefits.

Access to the UAE's double tax treaty network may result in reduced rates of withholding taxes levied by tax authorities in foreign jurisdictions on payments of dividends, interest and royalties to a DIFC registered parent company. Other benefits may also be available on a case by case basis.

Employment Matters

Availability of Labour

Dubai has a developed and highly-skilled professional labour force, comprised for the most part of expatriates from around the world. Although the government has, in recent years, adopted an "Emiratisation Plan" to promote the employment of UAE nationals-particularly in the public and financial services sectors-this plan does not apply within DIFC because there are no restrictions on the number of expatriates a DIFC entity can employ.

Conditions of Employment

Labour affairs in DIFC are governed by the DIFC Law No. 4 of 2005 ("the Employment Law"), together with any supporting regulations. The Employment Law regulates contracts and wages, working hours, leave and the termination of employment, terminal gratuity, and other issues relating to conditions of employment.

The stated objectives of the Employment Law are to:

1. Ensure that employees in DIFC receive the benefits of minimum international standards and conditions of employment;
2. Promote the fair treatment of employees and employers;
3. Provide fair and efficient procedures for resolving disputes arising from the application

and interpretation of the Employment Law; and

4. Foster employment practices that will contribute to the prosperity of DIFC.

The Employment Law applies to all employees working within DIFC.

Trade Unions

The Employment Law does not recognise trade unions. However, it does allow the Director of Employment Standards - the officer of the DIFC Authority responsible for the administration of the Employment Law - to adjudicate disputes between employer and employee, as well as in matters relating to the interpretation of the Employment Law, or refer such matters to the DIFC Court. Appeals to any rulings made by the Director of Employment Standards may be arbitrated by the DIFC Court.

Employee Training Programs

The Employment Law does not prescribe training requirements for employees. The level of training offered therefore varies from company to company.

Incentives

The Employment Law does not contain any provisions regarding profit-sharing or minimum-bonus payments to employees. However, it is not uncommon for employees to receive bonus payments, or to participate in profit sharing schemes.

Wages and Salaries

The Employment Law does not provide for any minimum wages and salaries. However, depending upon the position, the average salaries for jobs in the UAE are as follows:

Position	Basic Salary (Monthly, US\$)	Guaranteed Cash (Monthly, US\$)
Senior Manager / Head of Department	5,700 – 9,000	9,500 – 14,800
Finance Manager	3,900 – 6,300	6,600 – 9,900
Senior Programmer	1,800 – 3,200	3,400 – 5,100
Customer Service Team Leader	1,400 – 2,200	2,400 – 3,300
Executive Secretary	1,000 – 1,800	1,300 – 2,500
Sales representative	900 – 1,500	1,500 – 2,500
Call Centre Agent	800 – 1,500	1,000 – 2,100
Production Operator	600 – 1,000	900 – 1,800
Driver	500 – 900	700 – 1,500
Unskilled Worker	400 – 800	500 – 1,000

Source: The Hay Group, 2007

Notes: Basic Salary is a monthly cash payment before any allowances, fixed or variable bonuses. **Guaranteed Cash** includes Basic Salary and all contractually agreed fixed bonuses and payments e.g. 13th month bonus, job premia and market supplements and also Cash Allowances, such as Housing, Utilities, Transport and other Cash Allowances.

Benefits

There are little if any provisions in the Employment Law regarding mandatory employee benefits which therefore, are likely to vary depending on company policy. Benefits provided by companies to senior expatriate professionals normally include the following:

- Car and/or travel allowances for the employee.
- Airfares to home countries for the employee and family members.
- Housing allowance, or furnished accommodation.
- Payment of private school fees for the employee's children.
- Private medical insurance for family members (the employee is entitled to health insurance under the Employment Law).
- Membership in social and sports clubs.

Hours of work

The Employment Law states that employees shall not work more than a forty-eight hour week. However, it also declares that during the holy month of Ramadan, employees who observe the fast shall not be required to work for more than six hours a day. In addition, the Employment Law requires that every employee be granted at least one full day of rest in each week and, where an employee is required to work more than six hours a day, he or she shall be entitled to a break of at least one hour.

In practice, commercial and professional firms in most countries in the region work forty to forty-five hours a week, and the weekend for office workers has traditionally been Thursday afternoon and Friday. However, with effect from

1 September 2006, the public sector in the UAE officially changed to a Friday, Saturday weekend and, correspondingly, the majority of organisations in the private sector have also changed over to a five-day week, with Friday and Saturday as the weekend.

Paid national holidays and vacations

In accordance with the Employment Law, employees in both the UAE's public and private sectors are entitled to the following paid national holidays:

*Religious Holidays**

- Eid Al-Fitr: 2 days
- Eid Al-Adha: 3 days
- Lailat Al Mi'raj - The Ascension of the Prophet: 1 day
- The Prophet's Birthday: 1 day
- The Islamic New Year: 1 day

Secular holidays

- New Year's Day: January 1st
- National Day: December 2nd

The Law also states that, if an employee and employer mutually agree, the employee may forgo his or her entitlement to a statutory holiday by receiving a day or payment in lieu of the entitlement.

*Note: The Islamic calendar is based on the lunar cycle and therefore, the dates of Islamic holidays and festivals may vary from year to year.

The Employment Law entitles each employee to a minimum annual vacation of 20 working days,

which is to be accrued pro rata for employees who have been employed for at least three months.

Although it is standard practice in the UAE (and in the region as a whole) for employers to provide expatriate employees with leave airfare to their home countries, such entitlements are not mandatory under the Employment Law.

Muslim employees are also entitled to take up to 30 days unpaid leave to go on Hajj (pilgrimage) to Mecca, once during a period of service.

Sick leave

Employees are entitled to up to 90 days of continuous, or intermittent, sick leave in any one year, payable at the employee's weekly rate. Subject to the provisions of the Employment Law, employers are entitled to dismiss employees who take more than 90 days sick leave in any twelve-month period.

Maternity pay

An employee is entitled to maternity leave, provided that she has been continuously employed for at least 12 months preceding the eighth week before the expected week of childbirth. Maternity pay is payable to employees as follows:

- The employee's normal weekly rate for the first 45 days of maternity leave; and
- At 50 percent of the employee's normal weekly rate for the next 45 days of maternity leave. If an employee is dismissed because she is pregnant, or for any other reason connected with her pregnancy or childbirth, this is regarded as an unfair dismissal.

Equal opportunities

The Employment Law provides for non-discrimination and empowers the DIFC Authority to prosecute any employer who it decides is discriminating against employees on matters relating to gender, marital status, race, religion, mental or physical disabilities, either in the recruitment or employment processes.

Health and safety

The Employment Law prescribes the following:

- As far as is reasonably practicable, every employer has a duty to ensure the health, safety and welfare of all its employees in the workplace.
- Employers are required to pay fixed rates of compensation when an employee sustains an employment accident, or dies as a result of an employment accident, or contracts an occupational disease. Employers are also required to obtain and maintain permanent health insurance for all of its full time employees.

Termination of employment

The Employment Law provides for a minimum notice period for both an employer and an employee, as follows:

- One week, if the period of continuous employment is less than three months;
- One month, if the period of continuous employment is three months or more; or
- Three months, if the period of continuous employment is five years or more.

End of service benefits

Upon termination of employment, an employee is entitled to a gratuity payment—provided the employee has completed a minimum of one year's service. The gratuity payable is calculated on the basis of 21 days salary for each year of completed service for the first five years and 30 days salary for every year of service thereafter. The total gratuity, however, cannot exceed two years' pay. The gratuity is based on the basic salary of the employee immediately prior to termination. In calculating the gratuity, allowances and bonuses are not included.

The gratuity provisions are not applied where an employer has established a pension scheme for the employees, and provides (in writing, to the employee, prior to commencing work) the option of choosing between participation in the pension scheme or receiving an end-of-service gratuity payment.

Redundancy payments

If an employer dismisses an employee because of business closure, or because the work performed by an employee is no longer required, employers are required to pay redundancy compensation.

Payroll compliance and record keeping

Broadly, the Employment Law does not provide for tax or social security contributions (except for Emirati employees). It does, however, prescribe certain payroll recording obligations. Employers are required to maintain detailed information on each employee.

Immigration

The immigration policy followed by the federal authorities is relatively liberal, reflecting the need for an expatriate workforce to operate and develop a fast-growing economy. The vast majority of the UAE's population is expatriate and employers, particularly those in DIFC, should have little difficulty finding personnel in the resident population, or in recruiting and obtaining work permits for staff located overseas.

Work and residence permits

Foreign nationals who wish to work in the UAE must obtain work permits, which are issued by the Ministry of Labour; and residence permits, which are issued by the Department of Immigration. A work permit allows a foreign national to work in the UAE with a specific employer and is valid for three years at a time. The application for a work permit should be completed by the employee's prospective employer ("the sponsoring company"), in conjunction with DIFC. The sponsoring company is required to sign a Visa Sponsorship Agreement with DIFC and complete an application form supported by authenticated certificates of education, together with a copy of the employee's passport, the trade licence of the sponsoring company, and a letter of guarantee from the sponsoring company. After all the documents have been submitted to the relevant authorities, it takes approximately two to four weeks to obtain the work permit.

Once a work permit has been issued, the employee must apply for a residence permit, which requires a medical examination. After a resident permit has been obtained, the employee may apply for residence permits for his/her spouse and children.

A residence permit is required for an employee to open a bank account, own a motor vehicle, rent residential premises and to obtain telephone and utility connections.

The DIFC Authority provides a complete visa service to DIFC entities, their employees and the employees' dependants. The service aims to significantly reduce and simplify the visa process for entities operating in DIFC. In this process, the sponsoring employer remains ultimately liable to the DIFC Authority for all related costs and liabilities.

Visit visas

Foreign nationals visiting the UAE from certain countries (typically in Western Europe and North America) can obtain a visit visa upon entry to the UAE. The visit visa is initially valid for thirty days, but may be extended for a further sixty days.

Foreign nationals from other countries can obtain either a transit visa (for stays of up to fourteen days), or a visit visa (valid for a stay of thirty days), both of which must be guaranteed by a UAE-based sponsor. For a transit visa, the sponsor can be either a hotel or a business registered to operate in the UAE, whilst a visit visa can be sponsored by a business registered to operate in the UAE or by an individual holding a residence visa in the UAE - provided the person is sponsoring an immediate blood relative and earns a salary above a specified minimum. The 14-day transit visa cannot be extended. However, the one-month visit visa can be extended twice - one month at a time - for a maximum of three months.



Chapter 8 Living in Dubai

Living in Dubai

Historical Overview

Originally a small fishing settlement, Dubai was taken over in circa 1830 by a branch of the Bani Yas tribe from the Liwa oasis, led by the Maktoum family, who rule the Emirate today.

Traditional activities included herding sheep and goats, cultivating dates, fishing and pearling. The original inhabitants also engaged in trading and, by the turn of the century, Dubai was reputed to have the largest souks (traditional markets) on the Gulf coast. Commercial success, allied with the liberal attitude of Dubai's rulers, made the Emirate attractive to traders from India and Iran, who began to settle in the growing town. As trade developed, Dubai remained a protectorate of Great Britain-part of the Trucial States, which extended along the northern coast of the Arabian Peninsula.

After the British withdrawal in 1971, Dubai came together with Abu Dhabi, Sharjah, Ajman, Umm Al Quwain, Fujairah and (in 1972) Ras Al Khaimah, to create the federation of the United Arab Emirates.

The creation of the federation occurred shortly after the discovery of oil in 1966, which transformed the Emirate and its way of life. Dubai's first oil exports in 1969 were followed by a period of rapid development, which laid the foundations for today's modern society. Much of the credit for Dubai's progress has its origins in the vision of the late Ruler, HH Sheikh Rashid bin Saeed Al Maktoum, who ensured that Dubai's oil revenues, despite being relatively modest by the standards of the region, were deployed to maximum effect.

His work has been carried on by the present Ruler, HH Sheikh Mohammad bin Rashid Al Maktoum, and Dubai continues to expand its infrastructural facilities including schools, hospitals, hotels, roads and all the other amenities demanded by an advanced society.

Climate

Dubai has a sub-tropical, arid climate. Sunny, blue skies can be expected most of the year. Rainfall is infrequent and irregular, falling mainly in winter. Temperatures range from a low of about 10.5 degrees Centigrade/50 degrees Fahrenheit to a high of 48 degrees Celcius/118.4 degrees Fahrenheit.

The mean daily maximum is 24 degrees Centigrade/75.2 degrees Fahrenheit in January, rising to 41 degrees Centigrade/ 105.8 degrees Fahrenheit in July.

Culture and Lifestyle

Dubai's culture is rooted in Islamic traditions. Courtesy and hospitality are amongst the most highly prized of virtues, and this is reflected in the warmth and friendliness of the local people. Dubai society is marked by a high degree of tolerance for different lifestyles. It is a liberal society by any measure and is rated as among the safest in the world. Foreigners are free to practice their own religion, and the dress code is liberal. Women, whether married or single, do not face any form of discrimination and may drive, work, and move around unescorted. In spite of its rapid economic development in recent years, Dubai remains closely linked to its heritage. For instance, many

of the local citizens dress in the traditional robe and headdress. Arab culture and folklore also find clear and articulate expression in poetry, dancing, songs, and traditional art. Traditional sports such as falconry, camel racing, and dhow racing at sea continue to thrive.

Language

Although the official language is Arabic, English is widely spoken. Both languages are used commonly in business and commerce.

Religion

Islam is the official religion of the UAE. Friday is the holy day of the week.

Ramadan

Ramadan is the holy month in which Muslims commemorate the revelation of the Holy Koran. It is a month of fasting when Muslims must abstain from all food and drink from dawn to dusk. (During this holy month, both non-Muslims and expatriates are required not to consume these items in public places, as a sign of respect).

Islam is based on the lunar calendar. Therefore, the timing of Ramadan is not fixed - in terms of the western/solar calendar - but occurs 11 days earlier each year.

Air Travel

Dubai's location - at the crossroads of Europe, Asia, and Africa - makes it easily accessible. London is seven hours by air; Frankfurt six; Hong Kong eight; and Nairobi four.

European capitals and other major international cities have direct flights to Dubai, with many routes

offering a choice of airlines. Over 100 airlines take advantage of Dubai's "open skies" policy and operate to and from Dubai International Airport to over 140 destinations, making it one of the world's busiest airports.

Dubai is also the home of Emirates Airlines, the award-winning international airline of the UAE.

Transportation

Taxis

Taxis are the most common mode of local transport. Metered taxis such as Dubai Transport Corporation, National Taxi, and Metro Taxis are efficient, and have well-trained, courteous drivers. The minimum fare is US\$ 1, with an additional 40 cents per kilometre.

The journey to the city centre from the airport costs around US\$ 8 - US\$ 10 in specially registered airport taxis.

Car-hire

International car rental agencies such as Avis, Europcar and Hertz operate in Dubai. There are also many other local car rental agencies. Renters must produce either a valid international or national driving licence issued from one of the following countries:

Austria, Australia, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, GCC member states, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Poland, Portugal, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey, the UK, and the USA.

Motor vehicles

The cost of cars in the UAE is cheaper than in most European countries, and running costs are also lower. The price of petrol has recently increased slightly and is currently about 45 to 48 cents per litre. Most international makes and models of cars can be found in Dubai, and there is also a large second-hand car market.

Public transport

A widely-spread network of public transport buses operates - at reasonable fares - throughout Dubai. Furthermore, a light rail system (also known as the Dubai Urban Rail Transit or Dubai Metro) is in the process of being constructed and aims to link the various residential areas of Dubai with Dubai's international airport, the city centre, the business district and various shopping malls. All trains will be fully air-conditioned and operate on a driverless, fully automated train system. The Metro will have two lines (the Red line and the Green line) servicing some 57 stations over 70 kilometres of track. The first phase of this colossal project is due to be completed and open in 2009.

Driving licence

Once a residence permit has been obtained, an application for a driving licence may be made. Certain nationalities (generally speaking, citizens of Western Europe and English-speaking countries) can automatically transfer their driving licences. Other nationalities will need to sit for a UAE driving test. To apply for a driving licence, applicants must submit - to the Traffic Police - an application form, a copy of the applicant's passport and a No-Objection Certificate from the applicant's employer.

Roads and Highways

Over the past two decades, Dubai has built an impressive, first-class network of roads which connect all parts of the city and the surrounding areas. A network of modern roads also connects all major towns and villages and a ten-lane highway connects Dubai to Abu Dhabi in the South.

In an effort to ease traffic and congestion on some of Dubai's arterial roads, the Road and Transport Authority has recently introduced a road-toll system called Salik on Sheikh Zayed Road (the road that links Dubai and Abu Dhabi) and on bridges spanning the Dubai creek. The toll gate system is fully automated and uses a radio frequency technology. A nominal charge of approximately US\$ 1 is charged each time you pass through the toll gate, subject to a maximum daily charge of US\$ 6.5.

Social Life

Dubai is nothing if not a place of contrasts: it is a unique synthesis of old and new, East and West; it blends the traditional with the innovative, time-honoured social and cultural practices with forward-looking liberal attitudes. It is a modern city set in the midst of an ancient, timeless desert.

Dubai offers a wide range of leisure and recreational facilities that are comparable to those in any modern city in the world. Increasingly, the government is attempting to promote Dubai as an "up-market" tourist destination. The hosting of several high-profile sporting events and exhibitions, the availability of high-quality luxury and budget hotels and the presence of well-maintained beaches and public parks have all contributed

to Dubai's enhanced profile in the international travel market. Much of the success that Dubai has experienced is attributable to the efforts of the Government of Dubai, which has been promoting the city as the international destination of choice for both business and leisure.

Alcohol

Alcohol is available in hotels and clubs. However, restaurants outside hotels are not permitted to serve alcoholic beverages. Residents who are non-Muslims can obtain liquor under a specially established permit system.

Currency

The monetary unit is the UAE Dirham (AED), which is divided into 100 fils. The Dirham has been pegged against the US Dollar since the end of 1980, at a mid-rate of approximately US\$ 1 = AED 3.67.

Banks

Both local banks, and the many international banks represented by branches in Dubai, provide a full range of commercial banking services. Since there are no exchange restrictions and the Dirham is freely convertible, transfers can be made without difficulty.

Banking hours are generally from 8:00am to 1:00pm, Saturday through Wednesday, although some banks are also now open for business in the evenings.

Credit Cards

All major international credit cards, such as American Express, Diners Club, Visa and MasterCard

are generally accepted in hotels, restaurants and shopping malls, although some smaller retailers offer better bargains on cash transactions.

Tippling

Tippling practices are similar to most parts of the world. Some restaurants include a service charge; otherwise 10 per cent seems to be the norm.

Business Hours

As noted, the weekend is on Friday and Saturday. Government offices are open from 7.30am to 1.30pm. Private sector office hours vary, but are generally from 8:00am to 6:00pm, with a one-hour lunch break.

Medical Care

Healthcare in Dubai is highly advanced and the services provided by both public and private medical establishments are of a uniformly high standard. The state provides a subsidised national health service which allows employees (holding medical cards) and his/her dependents admittance to government clinics and hospitals at a nominal charge.

There are four government hospitals in Dubai, as well as a number of privately-run hospitals such as the American Hospital, Welcare Hospital and Al Zahra Hospital.

There are also a number of international private medical insurance organisations including HealthNet and BUPA. Employers in Dubai often provide their employees with private medical insurance as part of the employment package, although they are not legally obligated to do so.

Accommodation

Traditionally, the ownership of property in Dubai - as elsewhere in the UAE and the region - has always been limited to UAE and GCC nationals, with expatriates typically renting either a villa or an apartment.

Following the development of a number of freehold real estate projects available to most nationalities, Dubai now has a thriving real estate sector, and foreign nationals may now own property in specific developments, such as the Meadows, Arabian Ranches, Emirates Hills, Dubai Marina, and the Palm Islands.

Villas are available in Dubai on a rental basis in a wide range of sizes, often as part of a complex or a compound. The majority of the complexes have a communal swimming pool and some also offer tennis as well as squash courts. Spacious and well-maintained furnished and unfurnished apartments are also available.

The lease/contract for a villa or apartment is normally for a one-year period, and generally one year's rent is required to be paid in advance.

In addition to the annual rent, the following charges also apply:

- A 5 percent municipality tax, calculated on the annual rent.
- A 5 percent real estate commission, during the first year of occupancy.
- A US\$ 550 refundable deposit, for water and electricity.

A security deposit - which varies according to the value of the property - is also payable to the landlord.

As a general guide, the annual rent of an unfurnished apartment in a middle-class area of Dubai varies from between US\$ 24,000 (for a one-bedroom flat), and US\$ 34,000 (for a two-bedroom flat). The annual rent of a villa starts at approximately US\$ 50,000.

Utilities

The electricity supply is 220/240 volts and 50 cycles. 13 amp square pin plugs are used for household appliances.

Television

The local television station offers four channels: three that broadcast in Arabic, and one that generally broadcasts in English. Satellite stations and cable television are also available, and provide a wider choice of programmes. These are available for a charge - which includes a decoder, installation and subscription fee. Most apartment blocks and compounds have access to satellite dishes and cable television.

Education

There are a number of private, as well as state-run, primary, secondary schools, technical colleges and universities in Dubai. Private educational institutions offer a wide range of curricula, including the American, British, French and German systems.

Cost of Living in Dubai

Appendix VI provides a comparative overview of the cost of living in Dubai with other selected cities.



Chapter 9 About PricewaterhouseCoopers

About PricewaterhouseCoopers

PricewaterhouseCoopers at DIFC

We have assembled a dedicated team of highly-skilled professionals who are able to provide a broad range of value-added services to institutions that wish to establish a presence at DIFC.

These services include:

- Comprehensive assistance in preparing an application for authorisation by the DFSA and the ROC, including assistance in developing regular business plans and compliance manuals.
- Introduction to the DFSA's regulatory capital regime
- Assistance in the area of Islamic finance
- Advice on international taxation issues
- Assistance with accounting and auditing requirements
- Introduction to senior DIFC Authority and DFSA officials
- Ongoing compliance support
- Benchmarking DIFC and DFSA against other jurisdictions and regulators
- Assistance with commercial and information technology planning and implementation
- Market entry assessment
- Assistance with listing on Nasdaq Dubai.

In order to explore and identify areas where we can be of assistance, we would be happy to meet any firm interested in setting up an operation at DIFC.

For further information, please contact the following people within PricewaterhouseCoopers:

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PricewaterhouseCoopers in the Middle East

PricewaterhouseCoopers(PwC) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders.

More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

Established in the region for over 30 years, PricewaterhouseCoopers' Middle East network covers 15 countries: Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestine, Qatar, Saudi Arabia, Syria the United Arab Emirates and Yemen.

Complementing our depth of industry expertise and breadth of skills is our sound knowledge of local business environments across the Middle East.

Summarised overleaf are some of the industry-focused assurance, tax and advisory services that PricewaterhouseCoopers offers to clients in the Middle East.

Industry-focused assurance, tax and advisory services that PricewaterhouseCoopers offers to clients in the Middle East.

Assurance	Advisory
<ul style="list-style-type: none"> • Audit • Accounting and payroll services • Assurance-related services • Internal audit • IFRS technical services • IT systems audit 	<p>Transactions services</p> <ul style="list-style-type: none"> • Financial due diligence • Pre and post deal services • Financial modelling <p>Corporate finance</p> <ul style="list-style-type: none"> • Corporate valuation • Mergers and acquisitions, alliances, disposals <p>Global capital markets</p> <ul style="list-style-type: none"> • IPO/raising finance
Tax	
<p>Outbound</p> <ul style="list-style-type: none"> • International tax services • Mergers and acquisitions <p>Inbound</p> <ul style="list-style-type: none"> • Business registrations • Structuring advice <p>International Assignment Solutions</p>	<p>Crisis management/dispute analysis and investigation</p> <ul style="list-style-type: none"> • Forensics • Litigation • Support <p>Performance improvement</p> <ul style="list-style-type: none"> • Business strategy and implementation • Corporate performance management • Operations effectiveness <ul style="list-style-type: none"> o Business process improvement o Revenue enhancement o Cost management • Finance effectiveness <ul style="list-style-type: none"> o Consolidation and reporting o Planning and budgeting • IT effectiveness <ul style="list-style-type: none"> o IT strategy and governance o Enterprise applications selection <p>Family business</p> <ul style="list-style-type: none"> • Governance structures for owners • Corporate structures – local and international • Succession planning • Structuring family offices

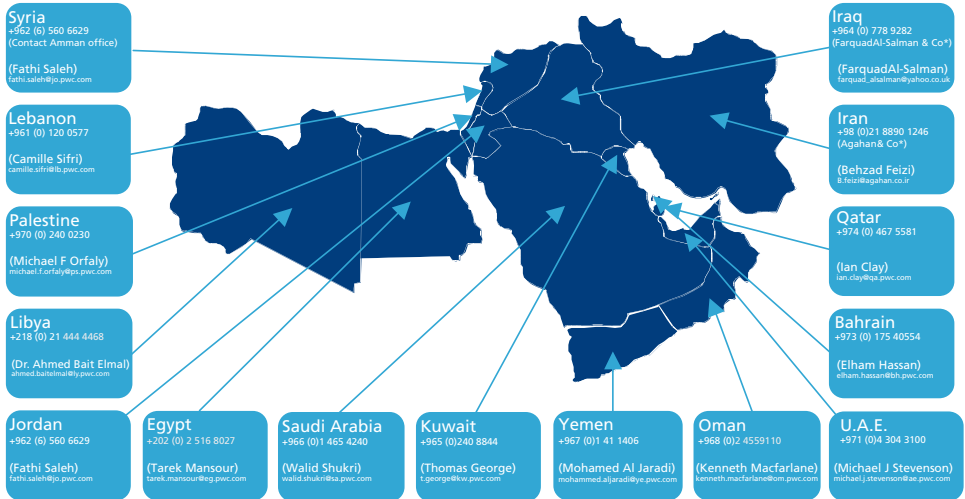
Contacting PricewaterhouseCoopers in the Middle East

For further information about PricewaterhouseCoopers' assurance, tax and advisory services in the Middle East, visit pwc.com/me or contact our Middle East Service Leaders:

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*Cooperating firms

Appendix I – DIFC Registration/Incorporation and Associated Fees

Retail Outlets

DIFC Companies Regulations - Table of Fees

Description	US\$
Application for reserving a name	340
Application for incorporation of a Company	3,400
Application for registration of a Recognised Company	3,400
Application for registering a change of name	340
Notice of change of registered address of Company	340
Notice of change of director or secretary	340
Notice of change in details of director or secretary	300
Notice of allotment of shares	350
Notice of appointment of auditor	300
Notice of cessation of auditor	300
Application for registration of auditor	500
Notice of change in details of person authorised to accept service of any document or notice	340
Notice of change of principal place of business	340
Fee for filing annual return	340
Upon performing the following functions:	
Providing an extract of information from the register of Companies	85
Providing a certified copy of any document	85
Commercial Licence fee (first time issue)	5,100
Commercial Licence fee (renewal)	5,100

DIFC Limited Liability Partnership Regulations - Table of Fees

Description	US\$
Application for reserving a name	340
Application for incorporation	3,400
Application for registration of a Recognised Limited Liability Partnership	3,400
Application for registering a change of name	340
Notice of change of registered address of a Limited Liability Partnership	340
Notice of appointment or cessation of a Member or Designated Member	340
Notice of change of name or address of a Member or Designated Member	85
Notice of appointment of person authorised to accept service of any document or notice	850
Notice of change in details of person authorised to accept service of any document or notice	850
Notice of appointment of auditor	300
Notice of cessation of auditor	300
Notice of change of principal place of business	340
Upon performing the following functions:	
Providing an extract of information from the register of Limited Liability Partnerships	85
Providing a certified copy of any document	85
Commercial Licence fee (first time issue)	5,100
Commercial Licence fee (renewal)	5,100

DIFC General Partnership Regulations - Table of Fees

Description	US\$
Application for reserving a name	340
Application for registration of a General Partnership	1,700
Application for registration of a Recognised Partnership	1,700
Application for registering a change of name	340
Notice of change of registered address of a General Partnership	340
Notice of appointment or cessation of a partner	340
Notice of change of name or address of a partner	85
Notice of appointment of person authorised to accept service of any document	850
Notice of change of details of person authorised to accept service of any document	850
Notice of change of principal place of business	340
Upon performing the following functions:	
Providing an extract of information from the register of General and Recognised Partnerships	85
Providing a certified copy of any document	85
Commercial Licence fee (first time issue)	5,100
Commercial Licence fee (renewal)	5,100

DIFC Limited Partnership Regulations - Table of Fees

Description	US\$
Application for reserving a name	340
Application for registration of a Limited Partnership	1,700
Application for registration of a Recognised Limited Partnership	1,700
Application for registering a change of name	340
Notice of change of registered address of a Limited Partnership	340
Notice of appointment or cessation of a partner	340
Notice of change of name or address of a partner	85
Notice of appointment of person authorised to accept service of any document	850
Notice of change of details of person authorised to accept service of any document	850
Notice of change of principal place of business	340
Upon performing the following functions:	
Providing an extract of information from the register of Limited and Recognised Partnerships	85
Providing a certified copy of any document	85
Commercial Licence fee (first time issue)	5,100
Commercial Licence fee (renewal)	5,100

Non-Retail Entities Fees

DIFC General Partnership Regulations - Table of Fees

Description	US\$
Application for reserving a name	800
Application for registration of a General Partnership	4,000
Application for registration of a Recognised Partnership	4,000
Application for registering a change of name	800
Notice of change of registered address of a General Partnership	800
Notice of appointment or cessation of a partner	800
Notice of change of name or address of a partner	200
Notice of appointment of person authorised to accept service of any document	2,000
Notice of change of details of person authorised to accept service of any document	2,000
Notice of change of principal place of business	800
Upon performing the following functions:	
Providing an extract of information from the register of General and Recognised Partnerships	200
Providing a certified copy of any document	200
Commercial Licence fee (first time issue)	12,000
Commercial Licence fee (renewal)	12,000

DIFC Limited Liability Partnership Regulations - Table of Fees

Description	US\$
Application for reserving a name	800
Application for incorporation	8,000
Application for registration of a Recognised Limited Liability Partnership	8,000
Application for registering a change of name	800
Notice of change of registered address of a Limited Liability Partnership	800
Notice of appointment or cessation of a Member or Designated Member	800
Notice of change of name or address of a Member or Designated Member	200
Notice of appointment of person authorised to accept service of any document or notice	2,000
Notice of change in details of person authorised to accept service of any document or notice	2,000
Notice of appointment of auditor	300
Notice of cessation of auditor	300
Notice of change of principal place of business	800
Upon performing the following functions:	
Providing an extract of information from the register of Limited Liability Partnerships	200
Providing a certified copy of any document	200
Commercial Licence fee (first time issue)	12,000
Commercial Licence fee (renewal)	12,000

DIFC Companies Regulations Table of fees

Description	US\$
Application for reserving a name	800
Application for incorporation of a Company	8,000
Application for incorporation of a Protected Cell Company or for conversion to a Protected Cell Company	8,000
Application for registration of a Recognised Company	8,000
Application for registering a change of name	800
Notice of change of registered address of Company	800
Application to transfer incorporation to DIFC	20,000
Application to transfer incorporation from DIFC	20,000
Notice of change of director or secretary	800
Notice of change in details of director or secretary	300
Notice of allotment of shares	350
Notice of appointment of auditor	300
Notice of cessation of auditor	300
Application for registration of auditor	500
Notice of change in details of person authorised to accept service of any document or notice	800
Notice of change of principal place of business	800
Fee for filing annual return	800
Upon performing the following functions:	
Providing an extract of information from the register of Companies	200
Providing a certified copy of any document	200
Commercial License fee (first time issue)	12,000
Commercial License fee (renewal)	12,000

DIFC Limited Partnership Regulations - Table of Fees

Description	US\$
Application for reserving a name	800
Application for registration of a Limited Partnership	4,000
Application for registration of a Recognised Limited Partnership	4,000
Application for registering a change of name	800
Notice of change of registered address of a Limited Partnership	800
Application to transfer a Foreign Limited Partnership to DIFC	20,000
Application to transfer a Limited Partnership from DIFC	20,000
Notice of appointment or cessation of a partner	800
Notice of change of name or address of a partner	200
Notice of appointment of person authorised to accept service of any document	2,000
Notice of change of details of person authorised to accept service of any document	2,000
Notice of change of principal place of business	800
Upon performing the following functions:	
Providing an extract of information from the register of Limited and Recognised Partnerships	200
Providing a certified copy of any document	200
Commercial Licence fee (first time issue)	12,000
Commercial Licence fee (renewal)	12,000

Annual recurring fees

In addition, a fee of US\$ 800 for filing the annual return is also payable every year and renewal of the commercial licence fee of US\$ 12,000 (for non-retail entities) and US\$ 5,100 (for retail outlets) are payable every year.

All fees are subject to change. For further information on fees payable to the DIFC Registrar of Companies, please refer to www.difc.ae.

Appendix II – Application and Annual Fees – DFSA - Regulated Participants

		Application Fees - US\$	Annual Recurring Fees – US\$
Authorised Firms (other than Insurers)			
Category 1	Accepting deposits or providing credit	70,000	70,000
Category 2	Dealing in investments as principal	40,000	40,000
Category 3	Dealing in investments as agent, managing assets, or providing custody	25,000	25,000
Category 3	Operating a collective investment fund	40,000	40,000
Category 4	Arranging credit or deals in investments, advising on financial products or credit, arranging custody, insurance broking or insurance management.	15,000	15,000
Category 4	Operating an alternative trading system	40,000	40,000
Category 5	Carrying on the entire business operations in accordance with the Shari'a and managing a profit sharing investment account	10,000	10,000
Supervision fee	0.1% for each US\$ 1 million in Expenditure (i.e. US\$ 1,000)	-	✓
Public Fund			
Public Fund	The Operator / the Person proposing to be the Operator of a Domestic Fund which is a Public Fund	5,000	0.001% of the Fund's net assets*
Umbrella Fund	The Operator / the Person proposing to be the Operator of a Domestic Fund which is a Public Fund with a number of sub-funds	5,000, plus 2,500 per sub-fund (subject to a max of 20,000)	0.001% of the sub-funds' net assets*
Insurers			
Insurance Companies	Effecting contracts of insurance or carrying out contracts of insurance	15,000	10,000
Captive Insurers	Effecting contracts of insurance or carrying out contracts of insurance	-	✓
Supervision fee	0.1% for each US\$ 1 million in expenditure (i.e. US\$ 1,000)	2,000	1,000
Ancillary Service Providers			

* Subject to a minimum amount of US\$ 10,000 and a maximum amount of US\$ 50,000

Note: Definition of Expenditure

For the purposes of the annual supervision fee, expenditure means:

(a) In the case of an Authorised Firm which is a Domestic Firm and to which PIB applies, its annual expenditure is calculated as the sum of the amounts entered in its PIB regulatory return in respect of "staff expenses", "depreciation and amortisation" and "other operating expenses" in relation to business carried on in or from the DIFC including business carried on through a branch in another jurisdiction;

(b) In the case of an Authorised Firm which operates in the DIFC through a Branch and to which PIB applies, its annual expenditure calculated as the sum of the amounts entered in its PIB regulatory return in respect of "staff

expenses", "depreciation and amortisation" and "other operating expenses" in relation to business carried on in or from DIFC; and

(c) In the case of an Authorised Firm to which PIN applies, its annual expenditure as set out in its PIN 10 or PIN 3 Annual Regulatory Return, as the case may be, in respect of business carried on in or from DIFC including, in the case of a Domestic Firm, business carried on through a branch in another jurisdiction. for the last financial year for which the Authorised Firm has submitted regulatory returns to the DFSA.

Where the last financial year is not a complete twelve months in duration, the expenditure figure shall be increased or decreased on a pro rata basis to produce an equivalent twelve month figure.

This schedule of fees should be read in conjunction with the DFSA Rulebook and other relevant material. All fees are subject to change. For further information on fees payable to the DFSA, please refer to www.dfsa.ae.

Appendix II – Application and Annual Fees – DFSA - Regulated Participants

Authorised Market Institutions	Application Fees - US\$	Annual Recurring Fees – US\$
Operating an exchange	125,000	60,000
Operating a clearing house	125,000	60,000
Operating an exchange and a clearing house	250,000	120,000
Maintaining an official list of securities	100,000	50,000
Auditors		
Registration fee	4,000	6,000

Notes in respect of Authorised Firms

- The total standard annual fee payable by an Authorised Firm is subject to a maximum of US\$ 150,000.
- Fees in respect of Authorised Firms carrying out more than one authorised activity are calculated on the basis of the activity that carries the maximum fee. For example, if applying for categories 1 & 2, the applicable fee is only US\$ 50,000.

This schedule of fees should be read in conjunction with the DFSA Rulebook and other relevant material. All fees are subject to change. For further information on fees payable to the DFSA, please refer to www.dfsa.ae.

Appendix III – Accounting and Prudential Reporting Requirements for Authorised Firms

	Extent of Reporting	Category 1	Category 2	Category 3	Category 4	Category 5
		Frequency				
1. Balance Sheet	Solo	A/Q	A/Q	A/Q	A/Q	N/A
	Consolidated	B	B	B	B	N/A
2. Islamic Authorised Firm's Balance Sheet	Solo	N/A	N/A	N/A	N/A	A/Q
	Consolidated	N/A	N/A	N/A	N/A	B
3. Profit and Loss	Solo	A/Q	A/Q	A/Q	A/Q	N/A
	Consolidated	B	B	B	B	N/A
4. Islamic Authorised Firm's Profit and Loss	Solo	N/A	N/A	N/A	N/A	A/Q
	Consolidated	N/A	N/A	N/A	N/A	B
5. Expenditure Based Requirement	Solo	N/A	A/Q	A/Q	A/Q	N/A
6. Capital Adequacy Schedule	Solo	A/Q	A/Q	A/Q	A/Q	A/Q
	Consolidated	B	B	B	B	B
7. Large Exposures Schedule	Solo	A/Q	A/Q	A/Q	N/A	A/Q
	Consolidated	B	B	B	N/A	B
8. Liquidity Schedule	Solo	Q	N/A	N/A	N/A	Q
9. Branch Return	Solo	Q	Q	Q	Q	Q

Key: N/A – Not applicable A/Q – required on both a quarterly and annual basis
 Q – required on a quarterly basis A – required on an annual basis
 B – to be prepared and submitted on a six-monthly basis

- Notes: i. An Authorised Firm which carries on business in or from the DIFC through a Branch is not required to prepare and submit 1 to 7.
 ii. A Domestic Firm is not required to prepare or submit form PIB 9.
 iii. An Authorised Firm must submit its annual returns to the DFSA within four months of the end of the Authorised Firm's financial year. Other returns must be submitted within one month of the end of the reporting period to which the return relate

Appendix IV – The UAE Tax Treaty Network
Countries with which the UAE has agreed double tax treaties
for avoidance of double tax on income as of January 2008

Algeria	Germany	Morocco	Tajikistan
Armenia	Holland	Mozambique	Thailand
Austria	India	New Zealand	Tunis
Belgium	Indonesia	Pakistan	Turkey
Bella Russia	Italy	Philippines	Turkmenistan
Bosnia	Japan	Poland	Ukraine
Bulgaria	Jordan	Romania	Yemen
Canada	Korea	Seychelles	
China	Lebanon	Singapore	
Czech Republic	Luxembourg	Spain	
Egypt	Malaysia	Sri Lanka	
Finland	Malta	Sudan	
France	Mongolia	Syria	

Appendix V – Memorandum of Understandings signed by the DFSA as of September 2008

Multi-lateral MoU	Authority
IOSCO	International Organization of Securities Commissions (IOSCO)
Bi-lateral MoUs	
Australia	Australian Securities and Investments Commission (ASIC)
Belgium	Banking, Finance and Insurance Commission (CBFA)
China	China Banking Regulatory Commission (CBRC)
China	China Securities Regulatory Commission (CSRC)
Cyprus	Securities and Exchange commission (SEC)
Dubai	Dubai Police
Dubai	Public Prosecution Department
Egypt	Capital Markets Authority (CMA)
France	Banque De France
Oman	Capital Markets Authority (CMA)
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
Greece	Hellenic Capital Market Commission (HCMC)
Guernsey	Financial Services Commission (FSC)
Hong Kong	Securities and Futures Commission (SFC)
Iceland	The Financial Supervisory Authority (FME)
Ireland	Irish Financial Services Regulatory Authority
Isle of Man	Financial Supervision Commission (FSC)
Isle of Man	Insurance and Pensions Authority (IPA)
Japan	Japan Financial Services Authority (JFSA)
Jersey	Financial Services Commission (JFSC)
Jordan	Insurance Commission (IC)
Jordan	Central Bank of Jordan
Korea	Financial Supervisory Commission (FSC)
Luxembourg	Commission de Surveillance du Secteur Financier (CSSF)
Malaysia	Securities Commission (SC) and Bank Negara/the Central Bank
Malta	Malta Financial Services Authority
Netherlands	Authority for the Financial Markets (AFM)
New Zealand	Securities Commission (SC)
Singapore	Monetary Authority of Singapore (MAS)
South Africa	Financial Services Board(FSB)
Switzerland	Swiss Federal Banking Commission (SFBC)
Thailand	Securities and Exchange Commission (SEC)
Taiwan	Taiwan Financial Supervisory Commission of Chinese Taipei (FSC)
Turkey	Capital Markets Board (CMB)
Turkey	Banking Regulation and Supervision Board (BDDK)
UAE	Emirates Securities and Commodities Authority (ESCA)
United Kingdom	Financial Services Authority (FSA)
United States	Commodity and Futures Trading Commission (CFTC), The Federal Reserve, the Office of the Comptroller of the Currency (OCC), The Federal Deposit Insurance Corporation (FDIC) and The Office of Thrift Supervision (OTS)

Appendix VI - Cost of Living in Dubai and Selected Cities - 2007 (In US\$)

	Unit	BRUSSELS	DUBAI	DUBLIN	FRANKFURT	GENEVA	HONG KONG	LONDON	NEW YORK	PARIS
Utilities										
Telephone and line, monthly rental (average)	USD	23.03	13.62	31.82	20.99	20.70	14.08	21.08	40.00	17.11
Electricity, monthly bill (average)	USD	134.87	245.23	144.74	91.45	131.15	166.45	191.55	250.00	228.95
Gas, monthly bill (average)	USD	173.68	25.20	101.97	117.30	135.25	80.03	136.27	80.00	138.16
Water, monthly bill (average)	USD	118.42	163.49	n.a.	94.01	67.62	43.21	56.86	n.a.	80.92
Domestic Help										
Hourly rate for domestic cleaning help (average)	USD	15.13	6.81	15.79	21.05	21.72	11.52	19.61	32.50	24.34
Maid's monthly wages (fulltime) (average)	USD	1664.47	435.97	1118.42	3157.89	2868.85	512.16	2745.10	2000.00	2960.53
Babysitter's rate per hour (average)	USD	8.55	6.81	13.16	22.37	20.49	12.80	14.71	13.50	18.42
Transportation										
Compact car (1300-1799cc) (low)	USD	22.696	15.259	27.895	19.474	21.758	18.599	21.951	15.900	30.921
Family car (1800-2499cc) (low)	USD	34.276	19.891	35.763	33.882	27.049	40.845	31.755	28.359	39.342
Deluxe car (2500cc up wards) (low)	USD	97.434	73,569	142.105	83.947	82.545	93.214	107,843	64.000	107.237
Yearly road tax or registration fee (low)	USD	349	125	475	190	181	503	245	80	n.a.
Annual premium for car insurance (low)	USD	1.380	763	1.513	2.447	2.582	2.023	1,029	2,900	724
Average cost of 1 litre of unleaded petrol.	USD	1.66	0.41	1.42	1.74	1.35	1.66	1.75	0.74	2.21
Taxi: initial meter charge (average)	USD	3.62	0.82	4.47	3.68	6.39	1.92	4.31	2.75	3.55
Taxi rate per additional kilometre (average)	USD	1.84	0.41	0.99	2.37	3.11	0.90	2.94	0.50	0.92
Taxi: airport to city centre (average)	USD	72	11	33	72	34	51	98	50	66
Residential Rents (Monthly)										
Furnished apartment: 1 bedroom (moderate)	USD	921	1.226	1.250	1.447	1.623	1.793	2.353	4.000	1.447
Furnished apartment: 2 bedroom (moderate)	USD	1.250	2.203	1.579	1.842	1.721	2.049	4.314	5.000	3.289
Unfurnished apartment: 2 bedrooms (moderate)	USD	987	1.817	1.645	1.645	1.500	2.817	4.314	4.000	3.026
Unfurnished apartment: 3 bedrooms (moderate)	USD	1.250	2.089	1.908	2.105	2.041	5.122	4.902	5.300	3.882
Furnished house: 3 bedrooms (moderate)	USD	1.974	3.747	2.336	3.092	4.098	n.a.	6.275	5.000	4.211
Unfurnished house: 3 bedrooms (moderate)	USD	1.776	3.065	2.632	2.105	3.689	6.146	6.863	4.000	3.947

	Unit	BRUSSELS	DUBAI	DUBLIN	FRANKFURT	GENEVA	HONG KONG	LONDON	NEW YORK	PARIS
Education (Annual Fees)										
French school: kindergarten (average)	USD	6.099	3.406	4.605	3.803	6.885	7.930	13.198	13.900	n.a.
French school: annual tuition, ages 5-12 (average)	USD	6.727	5.654	4.197	4.164	10.123	7.930	13.426	14.500	n.a.
French school: annual tuition, ages 13-17 (average)	USD	9.082	6.199	5.598	4.717	12.008	11.138	14.926	16.900	n.a.
American /English school: kindergarten (average)	USD	12.105	4.905	7.355	14.257	14.148	16.095	21.255	18.000	23.684
American /English school: annual tuition, ages 5-12 (average)	USD	26.711	7.418	8.750	19.987	16.268	13.502	35.294	18.300	25.658
American /English school: annual tuition, ages 13-17 (average)	USD	31.908	11.444	6.181	21.783	18.080	15.070	33.459	19.450	28.289

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