

KEY FACTS DIFC FUNDS

SINCE ITS INCEPTION IN 2004, THE DUBAI INTERNATIONAL FINANCIAL CENTRE (DIFC) HAS BECOME A MAJOR FINANCIAL HUB FOR THE MIDDLE EAST, AFRICA AND SOUTH ASIA, AND IS THE LARGEST REGULATED FINANCIAL COMMUNITY BETWEEN EUROPE AND SINGAPORE.

The DIFC's Collective Investment Funds regime was introduced by the Dubai Financial Services Authority (DFSA) in 2006. The regime is based on a common law framework designed to meet international standards in line with the principles set out by the International Organization of Securities Commissions (IOSCO).

ADVANTAGES

- > Fast time to market: two days for qualified investor funds/five days for an exempt fund
- > Access to a USD7 trillion regional economy: sovereign wealth funds, family offices, pension funds, high and ultra-high net worth individuals
- > Flexible fund structuring: both partnership and company options are available
- > Favourable tax environment: only VAT is levied in the DIFC and it has 94 double taxation agreements
- > A diverse and growing fund ecosystem: custodians (22+), legal and tax advisors (60+), asset managers (100+) and private banks (60+)
- > Ranked by the Global Financial Centres Index in the same category as Hong Kong, New York, Singapore and Zurich

TYPES OF FUND

Funds domiciled in the DIFC or managed by a DIFC-licensed fund manager are classified as domestic funds.

There are three main types of domestic funds: qualified investor funds, exempt funds and public funds.

QUALIFIED INVESTOR FUNDS (QIF)

A QIF has the least stringent requirements. However, it is open only to professional investors and is allowed to have 50 or fewer unitholders. Units are offered by private placement, with a minimum subscription of USD500,000.

EXEMPT FUND

An exempt fund is open only to professional investors and is allowed to have 100 or fewer unitholders. Units are offered by private placement, with a minimum subscription of USD50,000.

PUBLIC FUNDS

A public fund is open to both professional and retail investors, with a minimum of 100 unitholders who invest by way of public offer. There is no prescribed minimum subscription.

DFSA-LICENSED FUND MANAGERS

A DFSA-licensed fund manager must be a body corporate and is able to establish and manage funds in the DIFC, as well as jurisdictions outside the DIFC.

EXTERNAL FUND MANAGERS

A fund manager from an acceptable jurisdiction (as defined by the DFSA) may, under specified conditions, establish and manage a domestic fund without having to obtain a DFSA licence.

SIGNIFICANT FEATURES – FUND TYPES

FUND TYPE	QUALIFIED INVESTOR FUNDS	EXEMPT FUNDS	PUBLIC FUNDS
PRIMARY LEGISLATION	DIFC Collective Investment Rules and Law	DIFC Collective Investment Rules and Law	DIFC Collective Investment Rules and Law
LEGAL FRAMEWORK FOR FUND STRUCTURES	Company Law 2009, Limited Liability Partnership Law 2004, Investment Trust Law 2006	Company Law 2009, Limited Liability Partnership Law 2004, Investment Trust Law 2006	Company Law 2009, Limited Liability Partnership Law 2004, Investment Trust Law 2006
TAX RATE	Tax Neutral	Tax Neutral	Tax Neutral
TIME TO LICENSE	Two working days	Five working days	Within forty working days
INVESTORS	<ul style="list-style-type: none"> > Only professional clients can subscribe via private placement > Minimum subscription: USD500,000 > Number of subscribers allowed: Maximum 50 	<ul style="list-style-type: none"> > Only professional clients can subscribe via private placement > Minimum subscription: USD50,000 > Number of subscribers allowed: maximum 100 	<ul style="list-style-type: none"> > Retail clients can subscribe by way of public offer with intention to have more than 100 subscribers > No minimum subscription > No limit on number of subscribers > Single pricing for the purpose of redemption and sale of units
GENERAL REQUIREMENTS	<ul style="list-style-type: none"> > Written Constitution or Partnership Deed > Registered auditor 	<ul style="list-style-type: none"> > Written Constitution or Partnership Deed > Registered auditor 	<ul style="list-style-type: none"> > Written Constitution or Partnership Deed > Registered auditor > Prospectus > Investment oversight committee
INDEPENDENT ADMINISTRATOR	Required	Required	Required
ASSET CLASSES	Private equity, real estate, hedge, infrastructure/property and sector focus funds	Private equity, real estate, hedge, infrastructure/property and sector focus funds	Hedge fund and multi-strategy funds

SIGNIFICANT FEATURES – FUND STRUCTURES

FUND TYPE	INVESTMENT COMPANY	INVESTMENT PARTNERSHIP
LEGISLATION	Company Law 2009	Limited Liability Partnership Law 2004 Limited Partnership Law (Consolidated Version) 2013
TYPE	<ul style="list-style-type: none"> > Companies Limited by Shares > Limited Liability Companies > Recognised Companies 	Limited Partnership
GENERAL REQUIREMENTS	<ul style="list-style-type: none"> > Prior consent of the DFSA is required to lodge the incorporation application > Articles of Association in English > Registered office and carry on principle business activity in the DIFC > The incorporators have to be shareholders > The Fund Manager has to be a corporate director > Corporate secretary required > Issuing of share certificates required > Dividend payment is out of profit and solvency is required > Hold annual general meeting 	<ul style="list-style-type: none"> > The general partner (GP) is required to incorporate the Investment LP > The GP must be a corporate body and the GP must be authorised by the DFSA to act as the fund manager of the fund > Partnership agreement in English Law > Minimum number of partners is two > The GP cannot be an LP at the same time in the same limited partnership
TIME TO FORM	Company incorporated within 30 days	Partnership registered within 30 days
STATUTORY REQUIREMENTS	<ul style="list-style-type: none"> > Filing of annual return by end of March > Filing of audited accounts within seven days of AGM 	<ul style="list-style-type: none"> > Filing of annual return by end of March > Filing of audited accounts within seven days of approval by GP

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- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,000 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 38,000 ENTITIES
- ▶ \$140BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

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