



The Abu Dhabi Global Market – ADGM Category 3B Financial License - Providing Custody (for a Fund) / Acting as Trustee of a Fund

ADGM FINANCIAL LICENSE

The ADGM Category 3B License - Providing Custody (for a Fund) / Acting as Trustee of a Fund

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IN BRIEF

Abu Dhabi Global Market (ADGM) is a Free zone based out of Abu Dhabi the capital of the United Arab Emirates. The ADGM is a broadly based recognized and renowned financial center serving local, regional and international institutions. The ADGM offers a highly professional yet business-friendly environment operating with the best practices and recognized by all the major financial centers across the world.

As a financial free zone with an independent jurisdiction, DIFC has three independent authorities, Financial Services Regulatory Authority (FSRA), Abu Dhabi Global Market Registration Authority (ADGM RA) and ADGM Courts operating under common law.

The ADGM serves in the obtainment of Financial License Categories 1, 2, 3A, 3B, 3C, 4 & 5.

“ADGM Category 3B Financial License permits a firm to conduct the activities of Providing Custody (for a Fund) / Acting as Trustee of a Fund.”

1. WHY IS THE ADGM THE TOP JURISDICTION OF CHOICE?

The **ABU DHABI GLOBAL MARKET (ADGM)** is one of the two Financial Free Zones within the UAE. At the heart of the ADGM model is an independent risk-based regulator, the Financial Services Regulatory Authority (FSRA), which grants licenses and regulates the activities of all banking and financial institutions in ADGM. The ADGM is a broadly based recognized and renowned international financial center serving local, regional and international institutions, and serves in the obtainment of Financial Licensing Categories 1, 2, 3A, 3B, 3C, 4 & 5.

The Three Financial Independent Authorities in ADGM:

1. The **ADGM Registration Authority** (ADGM RA) is responsible for the registration, incorporation and licensing of legal entities in ADGM and supports all government-related services.
2. The **Financial Services Regulatory Authority** (FSRA), which has two independent bodies (the Regulatory Committee and the Appeals Panel) is a signatory to 88 bilateral MoUs with foreign regulators and international financial centers and a member of the International Organisation of Securities Commissions (IOSCO) & Basel Committee Consultative Group (BCG);. Financial services entities registered in ADGM need to meet specific obligations set out by the FSRA. These obligations are in addition to standard obligations that all ADGM registered entities are required to meet.
3. **ADGM Courts** and its judiciary are modeled on the English judicial system. The direct application of English common law (including the rules and principles of equity plus well-established English statutes on civil matters) makes ADGM the first jurisdiction in the Middle East to adopt a similar approach to that of Singapore and Hong Kong: The foundation of the civil and commercial law in ADGM is provided by the Application of English Law Regulations 2015.

2. ADGM CATEGORY 3B FINANCIAL LICENSE - PROVIDING CUSTODY (FOR A FUND) / ACTING AS TRUSTEE OF A FUND

An Authorised Firm in this category is licensed to Provide Custody (but only for a Fund) and act as trustee for a Fund. An Authorised Firm in this category can carry on financial services in Category 3C and 4 but cannot carry on financial services in Categories 1, 2 or 3A.

Base Capital – US\$ 4,000,000

Capital Requirement is not applicable to a Branch set-up of an existing regulated bank.

Capital Plan must be captured in Internal Capital Adequacy Assessment Process Report.

Note that additional capital requirements may be imposed by FSRA on the review of the application.

3. WHAT ARE THE REQUIRED APPOINTMENTS FOR AN AUTHORIZED FIRM IN ADGM?

- **Directors** (at least 2, preferably 3-4) – can be outsourced (NEDs).
- **Senior Executive Officer (SEO)** - In-house, UAE resident (can be a Director).
- **Risk Officer (RO)** – can be outsourced.
- **Finance Officer (FO)** – can be outsourced (can also be an Executive Director/Senior Manager).
- **Money Laundering Reporting Officer (MLRO)** – can be outsourced, UAE resident (can be a CO).
- **Compliance Officer (CO)** – can be outsourced, UAE resident (can be a MLRO).

4. HOW CAN WINCORE ASSIST YOU?

- Introduction to the Regulator
- Draft of **Regulatory Business Plan (RBP) (Application Forms, Business flow processes & charts)**
- Preparation of **Financial model for 3 years** and draft of **ICAAP** and **IRAP report**.
- Preparation of policies and manuals (**Compliance, AML, Risk Management, Remuneration, Governance, Conflicts of Interests, Business Continuity Plan etc.**)
 - **AUT – CORE:** this form must be submitted by all applicants applying for a license to carry out one or more financial services in or from ADGM. It covers information on the applicant, its activities, prospective clients and controllers;
 - **AUT – IND:** this form must be submitted by the individuals holding a mandatory function including directors, senior executive officer, finance officer, compliance officer and money laundering reporting officer; and
 - **AUT-AMS:** this form must be submitted by applicants applying to conduct financial services relating to arranging credit or deals in investment. The applicant will be required to submit this form as one of the Proposed Activities of ADGM CO includes arranging credits and deals in investment.
- Draft of regulatory application for the company and individuals
- Submission of Regulatory Application (with Policies and appointment of SEO, FO, MLRO, RO, CO)
- Provision of full-time functions
 - **SEO** – Senior Executive Officer
 - **FO** - Finance Officer
 - **RO** – Risk Officer
 - **MLRO** – Money Laundering Reporting Officer
 - **CO** – Compliance Officer Initiation of entity incorporation process
- Office lease
- Introduction to the UAE Bank for opening an Account
- Issuance of Regulator’s financial services license

5. TIMELINE AND PROCEDURE

- Introduction to the Regulator;
- Draft of Regulatory Business Plan (RBP) (Application Forms, Business flow processes & charts);
- Financial model preparation for 3 years;
- Submission of RBP draft to Regulator;

In 15 -22 Days

- Preparation of policies and manuals (Compliance, AML, Risk Management, Remuneration, Governance, Conflicts of Interests, Business Continuity Plan, etc.);

In 7 -15 Days

- Draft of regulatory application for the company and individuals;

In 14-28 Days (in line with RBP Draft & review of RBP)

- Submission of Regulatory Application (with Policies and appointment of Senior Executive Officer, Finance Officer, Money Laundering Reporting Officer, Compliance Officer;

Within 7 days from Regulator's feedback

- Provision of outsourced functions (Financial Officer /Risk Officer / Money Laundering Reporting Officer/ Compliance Officer);

Upon submission of Application

- Regulator's review;

At least 60-90 Days

- Interviews with the Regulator for Senior Executive Officer, Financial Officer , Compliance Officer/ Money Laundering Reporting officer);

Usually scheduled within a

- In-principle approval (IPA) issuance by Regulator;

Usually 7-21 Days

- Initiation of entity incorporation process;

Up to 7 Days

- Office lease (flexibility in lease may be available);

In 7-14 Days (in parallel – pre-requisite for incorporation)

- Bank account opening;

In 14-28 Days for a simple structure

- Deposit of share capital;

In 2-3 Working Days

- Regulator's financial services license issuance.

In 2-5 Working Days

DISCLAIMER

Note that this is an indicative timeline used for illustration purposes only. The real-time length of the procedure will always be dependent on several contributing factors. The information in this document is subject to change at any time and without notice, and under no circumstances will Wincore Advisory Group be liable for any loss caused by reliance on any opinion or statement made in this document.

LET'S GET IN TOUCH

If you wish to discuss setting up a **ADGM Category 3B Financial License firm** or any other legal entity, feel free to contact us.

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ABOUT WINCORE ADVISORY GROUP

Wincore Advisory Group is a multi-disciplinary aggregate of tax planning, corporate services, corporate finance and wealth structuring advisory services provider. Our group was founded by prior executives and directors of major banks, trust, CSP and law firms to provide unmatched on-the-ground competences in the Middle East, Africa, US and Europe.

Under a private and independent ownership, our goal and commitment is to provide high quality pragmatic, confidential, flexible and efficient solutions to address our clientele's specific needs in the fast-moving international business and tax law environment.

Our corporate, finance and tax structuring team comprises multidisciplinary experts who have gained significant experience in the GCC, Africa and Europe in large and reputable international firms and financial institutions.

To keep pace with the changing international marketplace, we also continuously work to strengthen our international networks to deliver seamless and first-class services.

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