



The Dubai International Financial Center – DIFC Category 3C License – Managing a Collective Investment Fund/Managing Assets

DIFC FINANCIAL LICENSE

The DIFC Category 3C License – Managing a Collective Investment Fund / Managing Assets

By Mohammed Rahali– Estate & Tax Partner Wincore Advisory Group

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“DIFC Category 3C Financial License permits a firm to conduct the activities of Managing a Collective Investment Fund / Managing Assets.”

IN BRIEF

DUBAI INTERNATIONAL FINANCIAL CENTER [DIFC] is a broadly based recognized and renowned international financial center serving local, regional and international institutions.

As a financial free zone with an independent jurisdiction, the DIFC has three independent authorities, Financial Services Authority (FSA), Dubai International Financial center Authority (DIFCA) and DIFC Courts operating under common law.

These three authorities ensure that DIFC offers a highly professional yet business-friendly environment operating with the best practices and recognized by all the major financial centers across the world.

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

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

The **DUBAI INTERNATIONAL FINANCIAL CENTER (DIFC)** is one of the two Financial Free Zones within the UAE with its own civil and commercial laws. At the heart of the DIFC model is an independent risk-based regulator, the Dubai Financial Services Authority (DFSA), which grants licenses and regulates the activities of all banking and financial institutions in DIFC. The DIFC is a broadly based recognized and renowned international financial center serving local, regional and international institutions. As a financial free zone with an independent jurisdiction, DIFC has three independent authorities:

- Dubai Financial Services Authority (DFSA);
- Dubai International Financial center Authority (DIFCA) and;
- DIFC Courts operating under common law;

These three authorities ensure that DIFC offers a highly professional yet business-friendly environment

operating with the best practices and recognized by all the major financial centers across the world.

DIFC is unique in that it has a legislative system consistent with English Common law. DIFC has its own set of civil and commercial laws -Companies Law DIFC Law No. 5 of 2018 including UK Companies Act 2006 plus policy decisions on where to deviate or apply lighter touch than UK or other common law positions)- and regulations and has developed a complete code of law governing financial services regulation.

As part of its autonomy, DIFC has created an independent judicial system. The DIFC Courts is the entity responsible for the independent administration and enforcement of justice in DIFC. The Courts have exclusive jurisdiction over all civil and commercial disputes arising within DIFC and or relating to bodies and companies registered in DIFC.

2. DIFC CATEGORY 3C LICENSE – MANAGING A COLLECTIVE INVESTMENT FUND / MANAGING ASSETS

An Authorised Firm in this category may be licensed to carry on one or more Financial Services of Managing a Collective Investment Fund, Managing Assets, Providing Trust Services as a trustee of an express trust, Providing Custody (other than for a fund) and Managing a Profit Sharing Investment Account (received on a restricted basis). An Authorised Firm which has a 3C licence can also provide Financial Services in Category 4 but cannot provide Financial Services in Categories 1, 2, 3A or 3B.

Base Capital – US\$ 500,000

Base capital requirement 3C Fund Manager – US\$ 140,000 (to manage a Public Fund US\$ 70,000 to manage exempt funds/QIFs).

Expenditure based capital requirement of 18/52 of annual operating expenditure (as the Fund Manager will hold or control Client Money)

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

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

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

- **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 licence to carry out one or more financial services in or from DIFC. 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 DIFC 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 week

- 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 the many benefits of the **DIFC Category 3C Regime** or any other legal entity, feel free to contact us.

Mohammed Rahali
Wincore Advisory Group
Tax Services Partner
T: +971 (0) 55 138 95 91
T: +971 (0) 42 212 6 02
m.rahali@wincoreadvisory.com

Chinwe Azikiwe
Wincore Advisory Group
Senior Business Advisor
T : +971 (0) 50 630 08 21
T: +971 (0) 42 212 6 02
c.azikiwe@wincoreadvisory.com

Maricar Caluracan
Wincore Advisory Group
Senior Business Advisor
T : +971 (0) 58 105 15 53
T: +971 (0) 42 212 6 02
m.caluracan@wincoreadvisory.com



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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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