



The Dubai International Financial Centre – DIFC Representative Office Setup - General Marketing of Financial Services & Financial Products of Location outside the DIFC

DIFC REPRESENTATIVE OFFICE

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“A representative office’s activities are confined to the general marketing of financial services and financial products already being offered from a location outside the DIFC by its head office or a member of its group”

The DIFC Representative Office - General Marketing of Financial Services & Financial Products of Location outside the DIFC

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INBRIEF

The **DIFC representative offices’** rule allows established firms to setup in the region, primarily for the general marketing of their financial services and financial products. Such entities are allowed to provide information, make referrals or introductions, and generally act as a representation of the parent entity.

The authorisation process is relatively simplified and timeframe is usually shortened in comparison to that of the financial licenses. The lower risks and lower licensing costs associated with operating a Representative Office in the DIFC also makes it a viable alternative to setting up a Financial Company from scratch.

DIFC common law framework and the regulatory structure of the governing authorities gives a high level of comfort to foreign investors intending to set up a Representative Office in DIFC.

1. WHY SET UP A DIFC REPRESENTATIVE OFFICE?

The DIFC common law framework in conjunction with the robust regulatory structure of the DIFC Registration Authority (DIFC RA) & Dubai Financial Services Authority (DFSA) gives comfort to investors intending to set up a Representative Office in DIFC.

A DIFC representative office is an Authorised Firm and is regulated by the DFSA. However, it is not included in the Authorised Firms categorization, because it does not have any capital requirements as per the DFSA PIB Module. This is because a DIFC Representative Office can only be set up as a branch of an already established firm.

Some firms, especially those that are exploring the UAE as a new jurisdiction, or are unsure of the potential of their products in the market, may prefer setting up a **DIFC Representative Office**, to begin with. The authorisation process, although processed by the DFSA, is relatively simplified keeping in mind the lower risks and lower licensing costs associated with operating such a setup. Representative office setups may also be preferred in cases where firms just want to promote or market their products, and not engage in client-facing activities.

Any firm in a financial services sector can apply to be a Representative Office in DIFC but they must be regulated in an acceptable home jurisdiction (other than the DIFC). A representative office's activities are confined to the general marketing of financial services and financial products already being offered from a location outside the DIFC by its head office or a member of its group.

2. WHAT CAN THE DIFC REPRESENTATIVE OFFICE DO?

- The DIFC Representative Office is only allowed to promote financial products and services offered by its parent company and by other group financial services providers(if any).
- The DIFC Representative Office is a branch of its foreign parent company.
- The DIFC Representative Office can make introductions/referrals to the parent entity.
- The DIFC Representative Office can distribute marketing material (including fund prospectuses).
- The DIFC Representative Office can distribute investment research.
- The DIFC Representative Office can provide information on the products and services of the parent entity.
- The activity of the DIFC Representative Office can be changed after 1 year of operation and it can be upgraded to a financial license, however, it will always remain a branch of the foreign company.

3. WHAT YOU CANNOT DO WITH THE DIFC REPRESENTATIVE OFFICE?

- The DIFC Representative Office is not allowed to advise on products or arrange deals in investment.
- The DIFC Representative Office cannot provide opinions, recommendations, or specific investment advice.
- The DIFC Representative Office cannot receive or transmit orders.
- The DIFC Representative Office cannot market funds that do not meet the stipulated criteria.
- The DIFC Representative Office cannot invoice clients for services.
- A DIFC Representative Office has no regulatory capital requirements and has also no share capital (being a branch of a foreign company).

4. WHAT ARE THE REQUIRED APPOINTMENTS FOR A REPRESENTATIVE OFFICE IN DIFC?

- **Directors** (at least 2, preferably 3-4) – can be outsourced (NEDs).
- **Principal Representative (PR)** - In-house, UAE resident.
- **Money Laundering Reporting Officer (MLRO)** – can be outsourced, UAE resident.

5. HOW CAN WINCORE ASSIST YOU?

- **Regulatory Applications** for the entity and for the authorized individuals (Principal Representative, MLRO, Directors)
- Preparation of policies and manuals
 - Compliance Manual (including Policy of Independence, Outside Business Interests Policy, Personal Account Dealing Policy, Code of Ethics, and template forms and registers)
 - Anti-Money Laundering Policy and Procedures
 - Risk Management Policy and Register
 - Corporate Governance Framework and Terms of Reference
 - Conflict of Interests Policy and Register
 - Remuneration Policy
 - Business Continuity Plan
 - Compliance Monitoring Program
- Submission of Regulatory Application
- Provision of full-time/part-time functions
 - ED/NED – **Executive Director/Non-Executive Director**
 - PR- **Principal Representative**
 - MLRO – **Money Laundering Reporting Officer**
- Office lease assistance
- Introduction to the UAE Bank for opening an Account
- Liaison with the Regulator to address the queries and project management until the in-principle approval is obtained from the Regulator
- Liaison with the Regulator until Issuance of Regulator's financial services license
- The DFSA will carry out a review of the application and enter into an ongoing dialogue with the applicant, which may involve interviews with the nominated authorised individuals.
- Once the DFSA is satisfied with the application and the applicant, it will issue an In-Principle approval to the applicant which will contain a number of conditions to be satisfied before granting of the final license, including:
 - incorporation or registration of the entity with the DIFC Registrar of Companies;
 - opening a local bank account and providing the DFSA with proof of remittance of capital; and
 - evidence of office space from which it will conduct its financial activities.
- Once the conditions on the in-principle approval are fulfilled, the DFSA will issue the formal license.

LET'S GET IN TOUCH

If you wish to discuss setting up a DIFC Representative Office any other legal entity, feel free to contact us.

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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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