Why MEASA
Opportunities in a Connected Ecosystem

The Middle East, Africa and Asia (MEASA) markets are typified as young, ambitious, urban and growing in size – quickly. Digital penetration is high, and economies are becoming increasingly diversified and led by innovation.
Opportunities in a Connected Ecosystem

The MEASA region’s combined $7.4 trillion GDP holds huge investment opportunities.

MEASA is home to three billion people – a vast source of human capital.

40% of the population of the MEASA regions are under the age of 25 – human capital and ambition on a massive scale.

The Middle East, Africa and Asia regions have Dubai at its heart, with the DIFC as the leading financial centre in the Middle East.
Why MEASA

Financial Services Market of the Future

3X Growth

As a combined market, MEASA has grown three times faster than developed markets over the past 20 years – and is projected to grow by 4.6% per year over the next five years.

7% Annual Growth

Economic expansion fuelled by strong growth in financial services – up by 7% per year since 20: 40% higher than the global average.
In 2018, the financial services sector across MEASA contributed $752 billion to combined GDPs. Within MENA the industry was worth $165 billion in 2018, while in the GCC it contributed $111 billion.
Financial Services Market of the Future

Serving the Unbanked

There is a massive opportunity in mature and emerging markets to serve the banked and unbanked. In South Asia, only 69% are banked – providing enormous opportunities for traditional and FinTech providers.

In the MEA region (excluding the GCC), only 47% are banked – considerable opportunities to tap into a massive population of banked and unbanked.
Why MEASA

Untapped Potential for Profit

Outpacing Global FinTech Growth

FinTech investment in the MENA region grew by 66% between 2014-2019, compared to a global average of 26%.

The MENA region and the UAE are the global epicentres of the FinTech revolution.

In the UAE, investment in FinTech grew by 64%.
Untapped Potential for Profit

Underpenetrated sectors

Dubai is a top 7 HNWI destination – but 75% of their money is managed and deployed offshore.

Wealth management is under-penetrated in MENA and the UAE:

- **14%** Globally Compared
- **6%** MEASA
- **3%** MENA
- **1%** UAE

Projected annual growth of corporate banking revenues until 2024:

- **10%** MEASA
- **6%** GCC
- **5%** Global

Investment in Fintech in MENA and UAE:

- **2x** Global Rate Growth
- **26%** Global
- **66%** MENA
- **64%** UAE

Sources: McKinsey press search
Untapped Potential

Growth Potential

Mobile
Population
As the world’s largest outward remittance market, MEASA has an incredibly mobile population representing a fluid and ever-changing customer base.

5 Hour
Flight Radius
Within MEASA there are 2.2 billion people all within a 5-hour flight radius of Dubai.

4.6%
Growth
Projected annual GDP growth of 4.6% from 2019 – 2024.
Untapped Potential

Strong ROI and higher than average growth prospects

50% Higher Bank Return
Bank return on equity in the MEASA region is 50% higher on average than in Europe and the USA.

33% Higher Average Margin
Average margin on core financial products is 33% higher than the global average.
Why Dubai

Why?

Because Dubai is the geographic hub between East and West, North and South, two thirds of the world’s entire population can reach Dubai within an 8-hour flight. That’s the vast majority of business travellers and tourists.

For residents and businesses, Dubai offers incredible opportunities for investment – a geographic gateway to Asian, European and African markets. A diversified, forward-looking economy, extraordinarily advanced infrastructure.

Dubai has over $80 billion of investment pegged for 2021 – including $34 billion for clean energy projects, $20 billion for renewables, $11 billion for aviation R&D, $5.5 billion for space sector investment and $1.6 billion for innovation incubators.

Zero per cent income tax.
Dubai is home to over 2.8 million residents, made up of more than 200 nationalities, all thriving in a city that welcomes over 14.3 million tourists every year.

This diversity is a central facet of His Highness Sheikh Mohammed bin Rashid al Maktoum’s vision for a modern, dynamic and outward looking city – a diversity that is reflected in the DIFC, where 2,400 people live, work and play.
Dubai is the economic and geographic centre of gravity for markets from London to Singapore, Cape Town to Sydney.

14 airlines are flying to 25 destinations from Luanda to Casablanca, Tunis, Nairobi, Cairo and every other primary market in between.

Every week, more than 150 flights head to European destinations alone – that’s over 20 a day just to European cities.

Direct connections to 65 destinations via 29 airlines every single day – including places as far apart as Jakarta, Islamabad, Beijing, Taipei, Hong Kong, Kuala Lumpur, Lahore, Bangkok and Tokyo.

Sources: McKinsey press search
Perfectly Situated

Dubai’s place on the map makes it the de facto hub between all major markets – and Dubai has the infrastructure to back it up. That’s why over $350 billion of trade flows through Dubai’s air and seaports every year.

+$350 Bn of trade flow

SOURCES: McKinsey press search
Perfectly Situated

Dubai serves more than 180 shipping lanes, while its Jebel Ali port is the 9th biggest in the world. Dubai International Airport is the world’s busiest in terms of passenger numbers. Over 3.5 million tonnes of airfreight moves through Dubai International Airport every year.

SOURCES: McKinsey press search
Perfectly Situated

Dubai’s location and the infrastructure it provides make it the first-choice hub for more than $90 billion of China-Africa trade – while 60% of all of China’s overseas trade passes through the city’s ports.

SOURCES: McKinsey press search
Dubai is ranked 1st in the world for mobile network coverage and the city’s IOT (internet of things) sector contributes $4.8 billion to its GDP. Moreover, by 2029 100% of the city’s services will be ‘smart’.

Sources: McKinsey press search
Advanced

Dubai also ranks as the most liveable city in the MENA region with amongst the highest quality of life in the world.
Notable Investments

- Careem
  Acquired by Uber for $3.1Bn in 2019

- SOUQ
  Acquired by Amazon for $580 Mn in 2017

- NAMSHI
  Acquired by Emaar for $151 Mn in 2017

- Talabat
  Acquired by Rocket Internet for $169.5 Mn in 2015

- dubizzle
  Acquired by OLX for $190 Mn in 2018

- carriage
  Acquired by Delivery Hero for $100 Mn in 2017

- Property Finder
  Closed $142 Mn funding round in 2018

- JUMIA
  Valued at $2.2 Bn after IPO in 2019
Why DIFC
Benefits

DIFC offers all the advantages you’d expect to see in a financial free zone – business-friendly regulatory framework, tax free income and more:

- 0% personal income tax
- 0% tax rate on profits
- ZERO currency restrictions
- 100% foreign ownership
- No Restriction on capital repatriation
Choosing the DIFC delivers connectivity, straddling key time zones and protecting businesses through robust regulations.

**Benefits**

**LOCATION**
DIFC has been developed around state-of-the-art infrastructure and is in a prime central location – only a 15-minute drive to Dubai International Airport.

**REGULATOR**
The DFSA operates a robust regulatory framework.
DIFC Courts ensure the highest international standards of legal procedure.

**GLOBAL HUB**
The Centre is internationally recognised as a globally competitive hub, placing 8th amongst the most recent Global Financial Centres Index alongside global powerhouses such as New York, London, Hong Kong and Singapore.

**DIFC ROLE**
The DIFC’s growth strategy reflects its commitment to companies operating there by expanding in size by a factor of three and investing in its role as driving the future of finance.
Why DIFC

Strength in Numbers

Since its establishment in 2004, DIFC has solidified its position as a top global business destination attracting:

- 17 of the top 20 world banks
- 7 of the top global law firms
- 5 of the top 10 global insurance and reinsurance companies
- 9 of the top 20 wealth and asset management firms

Sources: McKinsey press search/ CBRE
Strength in Numbers

DIFC is on course to triple in size by 2024, with incredible new infrastructure bandwidth and an even bigger global footprint - cementing its place as a first-choice international hub.

3X Growth by 2024

SOURCES: McKinsey press search/ CBRE
Strength in Numbers

The DIFC’s strength comes from its scale – and the thriving community it offers. Its unique lifestyle offering, which includes an outstanding commercial and residential environment, boasts 7 residential towers, 2 5-star hotels, 7 renowned art galleries; and 112 retail outlets with another 200 on the way.
The laws establishing the DIFC Courts were designed to ensure the highest international standards of legal procedure, ensuring that the DIFC Courts provide the certainty, flexibility and efficiency expected by the global institutions operating in, with and from Dubai and the UAE.

The Dubai Financial Services Authority (DFSA) authorises and registers institutions and individuals who wish to conduct financial services within the DIFC. It enforces uncompromisingly high regulatory standards, works with the Central Bank to detect and prevent money laundering and fraud; and enforces the Law and Rules that apply to all regulated participants within the DIFC.
Although operating independently, the DIFC Authority, the Dubai Financial Services Authority (DFSA) and the DIFC Courts serve a common goal: to reinforce the DIFC’s principles of integrity, transparency and efficiency.
Why DFSA is important for DIFC

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in and from the Dubai International Financial Centre (DIFC).

DFSA’s regulatory mandate covers:

- Asset Management
- Banking and Credit Services
- Securities
- Islamic Finance
- Custody and Trust Services
- Commodities Futures Trading
- Collective Investment Funds
- International Equities Exchange
- International Commodities Derivatives Exchange
- Insurance & Re-Insurance
Why DFSA is important for DIFC

In addition to regulating financial and ancillary services, the DFSA is responsible for administering Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) legislation that applies to Financial Institutions and certain professions and businesses in the DIFC.

Please refer to the DFSA’s website for more information.

The DFSA implemented the Collective Investment Fund regime in 2006, focused on maintaining alignment with international standards.

The DFSA introduced a risk-based approach towards its fund regime with three fund categories: Public Funds, Exempt Funds and Qualified Investor Funds.

The DFSA regime also allows both Domestic Fund Managers and External Fund Managers to manage DIFC domiciled Funds.
Why DIFC

**Infrastructure**

DIFC’s infrastructure is as aesthetically captivating as it is breath-taking in size and sophistication.

**Advanced ICT Platform**

The Centre’s world-class IT infrastructure serves the business requirements of global and regional companies with a resilient and dynamic infrastructure that mitigates risks and provides maximum uptime. That’s thanks to DIFC’s advanced ICT platform, which includes four state-of-the-art data centres.

**Occupied Space**

4,154,057 sq.ft

The DIFC district features ultra-modern office space, retail outlets, cafes and restaurants, art galleries, residential apartments, public green areas and hotels. As of 2019, DIFC boasts 4,154,057 sq. ft of occupied space.

**Seamless Connectivity**

The Centre’s integrated Gate District, Gate Village and Gate Avenue ensure seamless connectivity and accessibility to a full range of professional, residential, and entertainment amenities throughout.
Banks and Capital Markets at DIFC
Market Opportunities

Over recent years, the banking and capital markets sectors in the Middle East have undergone a steady period of maturation, offering ever-greater opportunities for investors.

Corporate transactions / M&A deals:

- DIFC is a fast-growing Centre for corporate transactions, including major M&A and IPO activities.
- The value of announced deals in the Middle East and North Africa (MENA) region increased by 220.8 per cent to $115.5b in the first half of 2019 – that’s a huge increase from $35 billion in H1 2018. (EY H1 MENA M&A)
- The largest transaction in H1 2019 was Saudi Aramco, which acquired a 70 per cent stake in SABIC worth US$69.1bn, from the State-owned Public Investment Fund (PIF).

Top Mergers and Acquisition in H1 2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Deal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals sector</td>
<td>$69.3 billion</td>
</tr>
<tr>
<td>Oil and gas sector</td>
<td>$14.2 billion</td>
</tr>
<tr>
<td>Care provider sectors</td>
<td>$10.3 billion</td>
</tr>
<tr>
<td>Banking and capital markets sector</td>
<td>$5.1 billion</td>
</tr>
<tr>
<td>Technology sector</td>
<td>$4.3 billion</td>
</tr>
</tbody>
</table>

Source: EY
Market Opportunities

Government spending

The economic outlook for the region is positive, buoyed by record levels of public investment and pro-growth government initiatives, all designed to deliver faster expansion of their respective non-oil economic activities.

Some examples:
- UAE Vision 2021
- Kuwait Vision 2035
- KSA Vision 2030

Expect to see more from Saudi Arabia as giga projects – such as Al Ula, Red Sea, Qiddiya, and Neom.
Market Opportunities

Trade Finance
The DIFC is perfectly placed as the region’s leading financial Centre to take advantage of the ever-greater flows of trade finance that are boosting economic growth across the world.

Dubai largest trade partners (2018)

- China: AED 139 Bn
- India: AED 116 Bn
- Saudi Arabia: AED 55 Bn
- Switzerland: AED 49 Bn
- USA: AED 81 Bn
- Rest of the countries: AED 860 Bn

Source: Dubai Customs
Market Opportunities

The UAE is the second biggest market in the Middle East for Private Banking and is one of the top markets for UNHWI, HNWI, and affluent individuals.

Dubai ranks 7th Global Wealth Migration Review’s Top Destinations for HNWI, 2018

$523bn Expected Private Banking market size in UAE in 2021

3K Ultra-high-net-worth individuals $30+ Mn assets

100K High-net-worth individuals $1+ Mn assets

5Mn Affluent individuals $100K+ assets

8% Growth Expected growth rate of Private Banking Assets under Management

$523bn Expected Private Banking market size in UAE in 2021
Banks and Capital Markets at the DIFC

DIFC offers a robust and flexible regulatory framework, designed to support region-wide banking and capital market activities.

M&A transactions with Middle East involvement is to $115.5b in the first half of 2019

Dubai is expected to spend US$5 billion on infrastructure in preparation for the Dubai World Expo 2020

$4 trillion Infrastructure spend planned / underway in MENA. UAE & Saudi Arabia ARE expected to lead the tables.

Gateway to Africa: Infrastructure spend in Africa is estimated at $1 trillion over the next decade with a third likely to be privately funded.
Capital markets at the DIFC have grown in their maturity and scale over recent years, boosted by Dubai’s pre-eminent role in Sukuk and commodities.

**Nasdaq Dubai**

The world’s largest Sukuk market and the region’s preferred choice for CNY listing (CNY 3.6 billion).

**Dubai Mercantile Exchange**

The pre-eminent international energy futures and commodities exchange in the region with its flagship Oman Crude Oil Futures Contract.
UAE & Dubai is a key global entrepôt with growing prominence in the US$ 4.7 trillion South-South trade corridor.

The UAE is in the middle of a buzzing trade corridor with UAE-China trade volume above $60 billion.

GCC trade with Sub Saharan Africa and Europe is valued at $35 billion and Euro 155 billion respectively.

The UAE is India’s primary trade partner in MENA with volumes expected to reach $100 billion by 2020 (around $60 billion currently).
Here are the various categories of permitted financial services activities within the DIFC:

<table>
<thead>
<tr>
<th>Category 1</th>
<th>Category 2</th>
<th>Category 3A</th>
<th>Category 3B</th>
<th>Category 3C</th>
<th>Category 4</th>
<th>Category 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accepting Deposits</td>
<td>Dealing in Investments as Principal (Not as Matched Principal)</td>
<td>Dealing in Investments as Principal (Not as Matched Principal)</td>
<td>Providing Custody (Only if for a fund)</td>
<td>Managing a Collective Investment Fund</td>
<td>Arranging Credit or Deals in Investment</td>
<td>An Islamic Financial Institution whose entire business is conducted in accordance with Shari’a and which manages a Profit Sharing Investment Account</td>
</tr>
<tr>
<td>Managing a PSI Au</td>
<td>Providing Credit</td>
<td>Dealing as agent</td>
<td>Acting as the Trustee of a Fund</td>
<td>Managing Assets</td>
<td>Advising on Financial Products or credit</td>
<td>Arranging Custody</td>
</tr>
<tr>
<td></td>
<td>Providing Trust Services as a Trustee of an Express Trust</td>
<td>Providing Custody (other than for a fund)</td>
<td>Providing Fund Administration</td>
<td>Providing Trust services other than as a trustee of an express trust</td>
<td>Operating an alternative Trading System</td>
<td>Operations crowdfunding platform</td>
</tr>
</tbody>
</table>

**Financial Services**

Banks and Capital Markets Innovation at DIFC
What else do I need?

There are a couple of extra requirements for getting set up:

- Having a **physical presence** in the DIFC
- **Mandatory appointments:**
  - Senior Executive Officer
  - Chief Financial Officer
  - Compliance Officer
  - Money Laundering Reporting Manager
- The Senior Executive Officer, Compliance Officer and Money Laundering Reporting Manager must **all be UAE residents**. Chief Financial Officer may be outsourced to your head office
- The Compliance Officer and Money Laundering Reporting Officer roles **may be combined and outsourced**
How to apply

01 Letter of Intent
Provide the DIFC with a letter of intent (LOI)

02 Regulatory Business Plan
Provide the Dubai Financial Services Authority (DFSA) with a ‘Regulatory Business Plan’

03 Submission
Submit your application to the DFSA

04 Approval
The DFSA will issue an approval in principle

05 Registration
Register and incorporate your company with the Registrar of Companies

06 Issuance
Finally, the DFSA will authorize the entity once all requirements have been met
How to apply

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- Provide the DIFC with a letter of intent (LOI)
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## Application Fees

### Indicative Fee Structure & Capital Requirements

<table>
<thead>
<tr>
<th>Financial Services</th>
<th>Registration (One-time Fee)</th>
<th>Commercial License (Annual Recurring Fee)</th>
<th>Data Protection Fee</th>
<th>DFSA Application</th>
<th>DFSA Annual Renewal Fees</th>
<th>Base Capital Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prudential Category 1 &amp; 5</td>
<td>$8,000</td>
<td>$12,000</td>
<td>$1,000</td>
<td>$70,000</td>
<td>$70,000</td>
<td>$10 million *</td>
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<tr>
<td>Prudential Category 2</td>
<td>$8,000</td>
<td>$12,000</td>
<td>$1,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$2 million *</td>
</tr>
<tr>
<td>Prudential Category 3A &amp; 3C</td>
<td>$8,000</td>
<td>$12,000</td>
<td>$1,000</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$500,000*</td>
</tr>
<tr>
<td>Prudential Category 3B</td>
<td>$8,000</td>
<td>$12,000</td>
<td>$1,000</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$4 million *</td>
</tr>
<tr>
<td>Prudential Category 4</td>
<td>$8,000</td>
<td>$12,000</td>
<td>$1,000</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$10,000 *</td>
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<tr>
<td>Prudential Category 4 (Crowdfunding platform)</td>
<td>$8,000</td>
<td>$12,000</td>
<td>$1,000</td>
<td>$5,000</td>
<td>$10,000</td>
<td>$140,000</td>
</tr>
<tr>
<td>Representative Office</td>
<td>$2,000</td>
<td>$4,000</td>
<td>$1,000</td>
<td>$4,000</td>
<td>$4,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- For Base Capital Requirements & Expenditure Based Capital Minimum, please refer to PIB Module (section 3.5, 3.6 & 3.7) of the DFSA Rulebook
- Fees: Possible adjustment of fees will apply without prior notice
If you’d like to find out more about how you can get up and running in the DIFC, we’d love to hear from you. Just contact a member of the team at bdbcm@difc.ae