FAMILY OFFICE REGULATIONS

In force on xx.xx.2019
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The Board of Directors of DIFCA, in the exercise of the powers conferred on them by:

(a) Article 155 of the Companies Law No. 5 of 2018;
(b) Article 9 of the Foundations Law No. 3 of 2018;
(c) Article 59 of the General Partnership Law No. 11 of 2004;
(d) Article 64 of the Limited Partnership Law No. 4 of 2006;
(e) Article 54 of the Limited Liability Partnership Law No. 5 of 2004; and
(f) Article 45 of the Operating Law No.7 of 2018

hereby make these regulations.

1. INTRODUCTION

1.1 Title and repeal

1.1.1 These Regulations may be cited as the “Family Office Regulations 2019”.

1.1.2 These Regulations repeal and replace the Single Family Office Regulations (SFO Regulations) issued by the Board of Directors of the DIFCA on 27 December 2011 (the “Previous Regulations”) as it was in force immediately prior to the commencement of these Regulations.

1.1.3 Except where otherwise provided in these Regulations, anything done or omitted to be done pursuant to or for the purposes of the Previous Regulations is deemed to be done or omitted pursuant to or for the purposes of these Regulations.

1.1.4 A single family office established under the Previous Regulations shall on the Commencement Date automatically become a Family Office under these Regulations and have a period of one (1) year from the Commencement Date to comply with the requirements of these Regulations, inclusive of the net assets requirement in Regulation 3.1.2, failing which the Registrar shall be entitled to revoke its status as a Family Office.

1.2 Application and Interpretation

1.2.1 These regulations apply to:

(a) every Registered Person who falls within the definition of a Family Office;
(b) every Registered Person incorporated, registered or continued in the DIFC seeking to be recognised as a Family Office; and
(c) the Registrar.

1.2.2 Defined terms are identified throughout these Regulations by the capitalisation of the initial letter of a word or phrase. Where capitalisation of the initial letter is not used, an expression has its natural meaning.

1.2.3 The following defined terms have the meaning given below:
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<table>
<thead>
<tr>
<th>Defined Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmation Statement</td>
<td>has the meaning given to the term in the Operating Law.</td>
</tr>
<tr>
<td>Commencement Date</td>
<td>the date of commencement of these Regulations.</td>
</tr>
<tr>
<td>Companies Law</td>
<td>the Companies Law DIFC Law No. 5 of 2018.</td>
</tr>
<tr>
<td>Corporate Service Provider</td>
<td>a person registered with the DFSA as an authorised firm or a Designated Non-Financial Business or Profession licenced to undertake corporate services business in the DIFC.</td>
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<tr>
<td>DIFCA</td>
<td>the Dubai International Financial Centre Authority.</td>
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<tr>
<td>DIFC Trust</td>
<td>a trust created or continued in the DIFC pursuant to the Trust Law, DIFC Law No. 4 of 2018.</td>
</tr>
<tr>
<td>DFSA</td>
<td>the Dubai Financial Services Authority.</td>
</tr>
<tr>
<td>Family Business</td>
<td>has the meaning given to the term in Regulation 2.7.</td>
</tr>
<tr>
<td>Family Entity</td>
<td>has the meaning given to the term in Regulation 2.6.</td>
</tr>
<tr>
<td>Family Fiduciary Structure</td>
<td>has the meaning given to the term in Regulation 2.5.</td>
</tr>
<tr>
<td>Family Member</td>
<td>an individual forming part of the group of individuals comprising the Single Family.</td>
</tr>
<tr>
<td>Family Office</td>
<td>has the meaning given to the term in Regulation 2.1.</td>
</tr>
<tr>
<td>Family Office Services</td>
<td>has the meaning given to the term in Regulation 2.4.</td>
</tr>
<tr>
<td>Operating Law</td>
<td>the Operating Law DIFC Law No. 7 of 2018.</td>
</tr>
<tr>
<td>Private Company</td>
<td>has the meaning given to the term in the Companies Law.</td>
</tr>
<tr>
<td>Registered Person</td>
<td>has the meaning given to the term in the Operating Law.</td>
</tr>
<tr>
<td>Single Family</td>
<td>has the meaning given to the term in Regulation 2.3.1.</td>
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</tbody>
</table>

1.3 **References to Writing**

1.3.1 If a provision in these regulations refers to a communication, notice, agreement or other document ‘in writing’ then, unless the contrary intention appears, it means in legible form and capable of being reproduced on paper, irrespective of the medium used. Expressions related to writing shall be interpreted accordingly.

1.3.2 This does not affect any other legal requirements which may apply in relation to the form or manner of executing a document or agreement.

2. **FAMILY OFFICE**

2.1 **Family Office**

A Family Office is a Registered Person incorporated, registered or continued in the DIFC that is recognised by the Registrar as providing Family Office Services, whether in its own right or as a trustee of a DIFC Trust, to one (1) or more Single Families.
2.2 **Provision of services**

A Family Office may only provide Family Office Services to one (1) of more Single Families and charge on a cost basis or on a profit basis.

2.3 **Single Family**

2.3.1 A family constitutes a Single Family where it comprises one (1) or more individuals limited to the descendants of a common ancestor and their spouses (including widows and widowers, whether or not remarried).

2.3.2 For the purposes of determining a Single Family’s common ancestor under Regulation 2.3.1, the application for the establishment of the Family Office may only have regard to the preceding three (3) direct generations of a living member of the family in question at the time of the application. This requirement will only apply in relation to the initial application to establish the Family Office and a determination of a qualifying Single Family as at the date of the application, after which all future descendants and spouses (including widows and widowers, whether or not remarried) will form part of the Single Family.

2.3.3 For the purposes of determining the Family Members descending from a common ancestor under Regulation 2.3.1, it shall consist of both male and female descendants of the common ancestor and their spouses, including stepchildren, adopted children and ex-nuptial children of each qualifying Family Member. If there is any uncertainty as to whether a family constitutes a Single Family or whether an individual is a Family Member of a particular Single Family, the Registrar will determine the issue and may require such supporting documentation as the Registrar considers appropriate.

2.4 **Family Office Services**

The provision of Family Office Services means:

(a) the provision of services to one (1) or more Family Members;

(b) the provision of services to a Family Fiduciary Structure;

(c) the provision of services to a Family Entity;

(d) the provision of services to a Family Business; or

(e) acting as a holding company, proprietary investment company or trustee for a Single Family or Family Members of a Single Family or any relevant Family Fiduciary Structure, Family Entity or Family Business.

2.5 **Family Fiduciary Structure**

In relation to a Single Family, a Family Fiduciary Structure means a trust, a foundation or other similar entity of which:

(a) a Family Member of a Single Family or a Family Entity related to the Single Family is the settlor or founder; and

(b) the beneficiaries, qualified recipients or persons otherwise capable of benefiting from the structure are all:

(i) Family Members;

(ii) charities;

(iii) Family Entities; or
2.6 **Family Entity**

In relation to a Single Family, a Family Entity means an entity, such as a body corporate or partnership, whether in its own right or in the capacity of trustee, controlled by a Single Family within the meaning of Regulation 2.8.

2.7 **Family Business**

In relation to a Single Family, a Family Business means a business whether conducted by a body corporate or partnership, whether in its own right or in the capacity of trustee, controlled by a Single Family within the meaning of Regulation 2.8.

2.8 **Control**

A Family Entity or a Family Business is controlled by a Single Family for the purposes of Regulation 2.6 or Regulation 2.7 if one (1) or more:

(a) Family Members; or

(b) Family Fiduciary Structures;

(c) Family Entities; or

(d) persons mentioned in paragraphs (a) to (c), acting alone or together, could exercise in excess of 50% of the voting rights, or are otherwise able to exercise direct or indirect control over the affairs of the Family Entity or a Family Business:

3. **ESTABLISHMENT OF A FAMILY OFFICE IN THE DIFC**

3.1 **Application for recognition as a Family Office**

3.1.1 An application to be licenced as a Family Office in accordance with this Regulation 3 may be made:

(a) concurrently with an application for incorporation, registration or continuation of a Registered Person in the DIFC; or

(b) at any time after a person becomes a Registered Person, if it has been approved by the governing body of the Registered Person.

3.1.2 An applicant must satisfy the Registrar that:

(a) the proposed Family Office will provide Family Office Services only to one (1) or more Single Families;

(b) if it is proposed that Family Office Services will be provided for more than one (1) Single Family, the proposed arrangement is a cost sharing arrangement between the Single Families concerned; and

(c) each Single Family for which Family Office Services will be provided has net assets of at least fifty million United States dollar (US$50,000,000).

3.1.3 An application made under Regulation 3.1.1 must be made to the Registrar on the prescribed form and be accompanied by a statement from an auditor registered under the Operating Law or a law firm which is registered with the DFSA as a Designated Non-Financial Business or Profession containing, in relation to each Single Family to which it will provide Family Office Services:
(a) the name of the common ancestor;
(b) an explanation as to the origin and sources of the wealth;
(c) the amount of the net assets;
(d) confirmation that each Family Member identified qualify pursuant to the requirements of Regulation 2.3.3;
(e) confirmation that each adult Family Member is aware that the Family Office is not regulated as a financial services provider; and
(f) the categories of Family Office Services to be provided, namely:
   (i) investment;
   (ii) fiduciary;
   (iii) accounting;
   (iv) philanthropic;
   (v) concierge; and
   (vi) governance.

3.1.4 The Registrar may at his absolute discretion refuse to grant an application for recognition as a Family Office. Upon deciding to refuse to grant recognition as a Family Office, the Registrar shall inform the applicant in writing of such refusal, within fourteen (14) days.

3.1.5 Upon deciding to grant recognition as a Family Office, the Registrar shall within fourteen (14) days inform the applicant in writing of:
(a) such decision;
(b) the date on which the recognition shall be deemed to take effect; and
(c) any conditions and restrictions applicable to the recognition.

3.2 Withdrawal of recognition

3.2.1 The Registrar may after following the Decision Making Procedures revoke or suspend the licence of a Registered Person recognised as a Family Office.

3.2.2 Upon exercising powers under Regulation 3.2.1 the Registrar shall without delay inform the Family Office in writing of:
(a) such decision; and
(b) the date on which the decision shall be deemed to take effect (not being a date earlier than that of the notice).

3.2.3 The Registrar may exercise the power conferred by Regulation 3.2.1 if:
(a) the Registrar is satisfied that the Family Office or its employees, officers or agents have contravened, or is contravening, any DIFC laws, rules or regulations; or
(b) the Registrar considers that the exercise of the power is necessary or desirable in the interests of the DIFC.
4. EXEMPTIONS APPLICABLE TO FAMILY OFFICES

4.1 Accounting records

4.1.1 A Family Office shall maintain accounting records as required by it as a Registered Person under the Operating Law.

4.1.2 A Family Office shall be exempt from any requirement to file its accounts with the Registrar or to have them audited, provided that the Registrar shall have the right to obtain such accounts and any accounting records associated with them pursuant to the powers and remedies in Part 5 of the Operating Law.

4.2 Private register

The details of the shareholders, interest holders, directors and officers of a Family Office, whichever is applicable, shall be kept on a private register which shall not be publicly disclosed.

4.3 Private Company status

A company licenced as a Family Office or a Family Entity that is established or continued in the DIFC shall, notwithstanding Article 27(1)(b) of the Companies Law, be a Private Company and shall not be subject to Article 27(3) of the Companies Law.

5. CONDUCT OF BUSINESS

5.1 Single Families with a substantial presence in the United Arab Emirates

5.1.1 Article 13(3) of the Operating Law does not apply to a Family Office which has satisfied the Registrar, when an application is made and with each Confirmation Statement thereafter, that it, or each Single Family for which it provides Family Office Services has a substantial presence in the United Arab Emirates, provided that it appointed a Corporate Services Provider as its registered agent in the DIFC.

5.1.2 For purposes of Regulation 5.1 of the Operating Regulations, the registered office of a Family Office that has satisfied the Registrar that it, or each Single Family for which it provides Family Office Services, has a substantial presence in the United Arab Emirates, shall be that of its Corporate Service Provider.

5.2 Confirmation Statement

In addition to the requirements relating to Confirmation Statements in the Operating Law or applicable to it as a Registered Person, a Family Office shall in its annual Confirmation Statement confirm that it continues to provide Family Office Services only to a Single Family or to Single Families.

6. FEES

The fees in respect of matters set out in Appendix 1 of these Regulations shall be paid to the Registrar by the applicant or the Family Office as the case may be, in addition to any applicable fees payable by it as a Registered Person.
### APPENDIX 1 - FEES

**Table of fees**

<table>
<thead>
<tr>
<th>Upon receipt by the Registrar of:</th>
<th>Fee (USD)</th>
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<tbody>
<tr>
<td>Application for recognition as a Family Office</td>
<td>$100</td>
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