

**DIFC and DFSA Initiatives**

1. In response to the current global situation caused by COVID-19, the Dubai International Financial Centre (“DIFC”) in March 2020 announced a new Business Stimulus Initiative designed to support the DIFC community and prioritise the business needs of companies operating within the DIFC. In line with Dubai Government’s economic stimulus programme announced earlier in March, a series of fiscal easing initiatives have been introduced for three months from 1<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020. The Business Stimulus Initiative contemplates five packages which are as follows: (i) deferred payment on all leases (for a period up to six months from 1<sup>st</sup> April 2020 on the basis specified in the Business Stimulus Initiative and for properties mentioned therein which are owned by DIFC Investments Ltd.); (ii) full waiver from annual licensing fees for new entities which submit an application for incorporation / registration during the period from 1<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020; (iii) 10% discount on renewal of license applicable on existing entities that are due for renewal between 1<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020; (iv) reduction on fees for property registration from 5% to 4% for three months on the basis specified in the Business Stimulus Initiative; and (v) free movement of labour on the basis specified in the Business Stimulus Initiative. The DIFC Business Stimulus Initiative can be accessed on the DIFC’s website ([www.difc.ae](http://www.difc.ae)).
2. In addition, the Dubai Financial Services Authority (“DFSA”) on 7<sup>th</sup> April 2020 announced a number of initiatives aimed to provide significant assistance and regulatory relief to the DIFC financial services community. The announcement is published on the DFSA’s website ([www.dfsa.ae](http://www.dfsa.ae)). The regulatory relief measures include:
  - (i) new firms coming into the DIFC will: (a) be given more time to complete the application and authorisation processes and meet the set-up requirements to commence business; (b) receive a 50% reduction in Application Fees for the remainder of 2020 and flexibility in requirements for permanent premises; (c) in the case of Domestic Funds, receiving a waiver of Registration Fees for the remainder of 2020; and
  - (ii) existing Authorised Firms will be able to obtain: (a) an extension of time for filing a number of returns and reports; (b) additional time, where reasonable, for submitting Annual Accounts and Financial Statement Auditors Report, with the exception of Reporting Entities; (c) flexibility in meeting Authorised Individual obligations, including extending the amount of time that temporary cover can be in place; (d) a waiver of fees for applications relating to Authorised Individuals and flexibility in considering the workload that may be carried by those offering outsourced compliance services; (e) temporary relief from Capital Requirements for those firms which do not hold or control Client Assets or hold Insurance Monies; (f) a waiver of fees for applications for waivers and modifications for the remainder of 2020 and waive of all automated late return fees for the remainder of 2020; and (g) a waiver of the listing fees for new SME issuers in the DIFC for the remainder of 2020.
3. On 9<sup>th</sup> April 2020, the DFSA further announced by way of letter to Authorised Firms, initiatives with respect to various reporting requirements of Authorised Firms for the year 2020, in particular those effecting an Authorised Firm’s year-end reporting and obligations relating to various audit reports. The DFSA announced it would consider on a case-by-case basis requests for an extension of the deadline for submission of certain reports mentioned in the announcement, provided each request is made on a reasonable basis. Requests concerning the reports can be made by Authorised Firm’s with financial year-ends from 31 December 2019 to 31 March 2020 (both days inclusive). The DFSA further stated in the said letter that it will continue to monitor the impact of current uncertainties and may consider making appropriate arrangements for authorised firm’s falling outside the window of financial year-ends mentioned in this letter. The DFSA’s letter of 9<sup>th</sup> April 2020 is published on the DFSA’s website.
4. The DIFC comprises of entities undertaking financial services activities and non-financial services activities. Financial services activities in or from the DIFC are regulated by the DFSA and broadly include asset management, banking, brokerage, capital markets, crowdfunding, fund management, insurance and re-insurance, investment banking, private banking, private equity, Islamic finance, wealth

management and services related to providing money services and employee money purchase schemes. Non-financial services in the DIFC broadly include corporate offices (including holding companies, management offices and proprietary holding companies), professional service providers, fintech, retail and convenience, cafes and restaurants, and art galleries.

5. DIFC legislation broadly contemplates the following types of entity for the purposes of carrying on activities in or from the DIFC: (i) private company; (ii) public company; (iii) recognised company; (iv) general partnership; (v) recognised general partnership; (vi) limited partnership; (vii) recognised limited partnership; (viii) limited liability partnership; (ix) non-profit incorporated organisation; (x) foundation; (xi) recognised foundation; and (xii) any other legal body or structure registered or continued under a prescribed law or by any other legislation administered by the DIFC. With respect to (xii), the DIFC has prescribed legislation for various types of legal bodies and structures, including for the incorporation of an investment company, a prescribed company, an incorporated cell company and a protected cell company. The choice of appropriate entity will depend on the activity contemplated.
6. If you are an existing entity in the DIFC or are contemplating setting up in the DIFC, please contact us at Alyiant Consultancy Limited for further details regarding: the recent initiatives announced by the DIFC and the DFSA, the broad range of financial services and non-financial services activity options in the DIFC, the suitable legal entity and structure for any financial services or non-financial services activity in the DIFC, the application process to the DIFC and to the DFSA (in the case of financial services activities in the DIFC), and the compliance/regulatory and risk management requirements that need to be met and continued to be met for undertaking any financial services or non-financial services activity in the DIFC.

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**Date: 11 April 2020**

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