



Incorporated is not the same as Authorised or Licensed

The fact that a company is incorporated in the Dubai International Financial Centre (DIFC) does not mean that it is able to provide financial services. The key to understanding what a company can provide, and to whom, is knowing whether they are authorised by the DFSA and, if so, what they are permitted to do. Here is how to find that out.

Authorised Firms

The DIFC is home to over 4,300 active registered companies. However, just because a company is registered in the DIFC does not mean it can provide financial services, it also needs to hold a financial services licence granted by the DFSA. There are currently over 649 companies (Authorised Firms) who hold a DFSA Licence to carry on one or more of the [32 different financial services activities permitted in the DIFC](#).

We have seen growth in the number of Authorised Firms, and the number of companies within the DIFC in general, but when choosing a financial service or product it is important to know whether the firm is [regulated](#). Only Firms who are authorised by the DFSA can provide financial services in, or from, the DIFC.

If a company wants to offer one of the financial services regulated by the DFSA, they must become authorised and hold a licence for the financial services they wish to provide. Different financial services require different degrees of regulation. For example, a bank taking deposits requires more comprehensive regulation than a Representative Office, whose only activity is to market financial services offered by its parent firm (or another group member) licensed in an overseas jurisdiction. Even if a Firm is authorised, it is important to know which financial services that Firm is licensed to provide.

DNFBPs

In addition, there are other types of businesses that are registered with the DFSA that do not provide financial services. These companies are classified as Designated Non-Financial Businesses and Professions or DNFBPs. These companies are required to be registered because of the risk that their businesses might be used for the purposes of financial crime (e.g., money laundering or terrorist financing) due to the kinds of goods or services they provide.

These businesses are required to have certain procedures in place, and have reporting obligations, but are not regulated by the DFSA in the same way that Authorised Firms are. They are not permitted to provide financial services. They are regulated by the DFSA to the extent necessary to make sure that they are complying with anti-money laundering or counter terrorist financing requirements. However, the DFSA does not regulate their main business activity, for example, their real estate, legal, accounting or jewellery business.

Which firms can provide financial services?

The starting point is Article 41(1) of the Regulatory Law 2004, otherwise known as the "Financial Services Prohibition". It prohibits a person from carrying on a financial service in or from the DIFC unless the person



holds a financial services licence from the DFSA to carry on that activity or one of a number of limited exemptions applies. A list of the different types of financial service for which authorisation is needed, and a definition of each financial services, can be found in the DFSA's Rules.

The Regulatory Law provides for a range of sanctions that can be imposed on a person who carries on a financial service in or from the DIFC without a DFSA licence. For example, the DFSA can impose a fine on the person, censure the person, direct them to compensate a customer or direct them to take other action. A person carrying on an unlicensed business can, as a result, also be subject to civil legal action from a person they were dealing with.

Finding out more

There are resources available to help you confirm who you are dealing with and what they are permitted to do.

The [DIFC Public Register](#), operated by the Registrar of Companies, lists details of a company's status, its location, directors and shareholders, whether it is a regulated or non-regulated company and whether it is registered as a DNFBP.

The [DFSA Public Register](#) can be searched to find out whether a company is an Authorised Firm and whether they can provide particular Financial Services. You can find out exactly which Financial Services a Firm can provide and if there are any restrictions in place on those services, such as what type of clients the Firm can deal with. There is also information about the Authorised Firm, including the names of all the Authorised Individuals (past and present) within that Firm, and whether there has been any Regulatory Action taken against them.

The [DFSA Public Register](#) allows you to search by name, or legal status, or Financial Service, or Endorsements.

Endorsements are important; for example, only Firms with a "retail client" endorsement can offer financial services to retail clients.

Occasionally, a Firm may have a restriction on the particular financial service it can offer e.g. advising might be restricted to certain fund types.

Summary

- The fact that a company is incorporated in the DIFC, does not mean that it is able to provide financial services.
- Over 85% of DIFC-incorporated companies cannot provide any financial services at all, as they do not hold a financial services licence from the DFSA.
- The fact that a company is an Authorised Firm doesn't tell you what financial services it is able to provide, or who it can provide those services to.
- To understand if a company is lawfully able to provide you with a particular financial service, you have to know what it is authorised to do, including what Endorsements it has.



- The relevant information is available and easily searchable on the [DFSA Public Register](#).