



**Frequently Asked Questions  
For  
The DFSA's Collective Investment  
Funds Regime**

**1 June 2022**

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## Q&A – The DFSA’s Collective Investment Funds regime

This document is not intended to be a complete guide to the DFSA’s Collective Investment Fund Regime (“Funds regime”), but addresses some possible questions. We recommend reading the Collective Investment Fund-related Laws and Rules, which can be found on the DFSA website, and especially the [Collective Investment Rules](#) (CIR) and [Islamic Finance Rules](#) (IFR). Click here to view the [DFSA Administered Laws](#) and [DFSA Rulebook](#)

### 1. Can Funds, Fund Managers and Trustees be located inside and outside the DIFC?

DIFC-based Fund Managers and Trustees have the flexibility to establish Funds inside and outside the DIFC. Additionally, adequately regulated External Fund Managers have the flexibility to establish Funds in the DIFC without having to establish a place of business in the DIFC. Service providers can be selected from inside and outside the DIFC.

## Terminology

### 2. What is the difference between a ‘Fund Manager’ and an ‘Investment/Asset Manager’?

A Fund Manager (IOSCO refers to this as a ‘Fund Operator’) is the firm which will be undertaking the Financial Service of ‘Managing a Collective Investment Fund’ (formerly, ‘Operating a Collective Investment Fund’). It carries the main responsibility to investors for the establishment, operation and winding up of a Fund. The term Investment/Asset Manager is commonly used, across most jurisdictions, for the person carrying out the more limited role of managing the portfolio of assets within the fund vehicle i.e. making decisions to buy, hold or sell. This may be done under a delegation from the Fund Manager (and if it is done in the DIFC, will constitute the Financial Service of ‘Managing Assets’). However, a Fund Manager may also manage the assets of a Fund itself and, if so, will not need to be separately licensed to do so. As per the DFSA regulatory framework, the Fund Manager is legally accountable to the Unitholders of the Fund for the proper management of the Fund.

## Types of Funds

### 3. What is a Domestic Fund?

A Fund is either a Domestic Fund or a Foreign Fund. A Fund is a Domestic Fund if it is either established or domiciled in the DIFC or managed from the DIFC by a DFSA Licensed Fund Manager (“Domestic Fund Manager”) or an External Fund Manager.

### 4. What are the different types of Domestic Funds that can be established in the DIFC?

Three types of Funds can be established in the DIFC. Qualified Investor Funds (‘QIFs’), Exempt Funds and Public Funds.

## 5. What is the difference between a QIF, Exempt Fund and a Public Fund?

Type of Fund	Qualified Investor Funds	Exempt Funds	Public Funds
<b>Level of regulation</b>	Less stringent than Exempt Funds	Somewhat less stringent than Public Funds	Detailed regulation in line with IOSCO standards
<b>Investors and Offer</b>	<ul style="list-style-type: none"> <li>•Only Professional Clients;</li> <li>•Units are offered to persons only by way of a Private Placement.</li> </ul>	<ul style="list-style-type: none"> <li>•Only Professional Clients;</li> <li>•Units are offered to persons only by way of a Private Placement.</li> </ul>	<ul style="list-style-type: none"> <li>•Unitholders may include Retail Clients; or</li> <li>•Some or all of its units are offered to investors by way of public offer.</li> </ul>
<b>Minimum subscription</b>	US \$500,000	US \$50,000	N/A
<b>Application process time by DFSA</b>	2 business days	5 business days	N/A

### QIF regime

The Qualified Investor Fund regime provides proportionate regulation, allowing flexibility for QIF Managers and QIFs, by relying on select key requirements in the Collective Investment Law, and the DFSA Rulebook. The regime requires self-certification regarding the adequacy of systems and controls. QIFs enjoy a fast-track notification process where the DFSA aims to complete the process within a period of **2 days**.

### Exempt Fund regime

An Exempt Fund enjoys a fast-track notification process, where the DFSA aims to complete the process within a period of **5 days**, with lesser regulatory requirements than a Public Fund.

### Public Fund regime

A Public Fund allows the Fund Managers to raise capital from a wider pool of investors which may include Retail investors. Therefore, a Public Fund is subject to a higher degree of regulatory requirements.

## 6. I am a Domestic Fund Manager and would like to act as Fund Manager for a non-DIFC domiciled Fund. Is this possible?

Yes. A Fund Manager can establish Funds in other jurisdictions. Such a Fund is referred to as an External Fund and must comply with the requirements noted below in Question 7.

## 7. What is an External Fund?

An External Fund is a Fund that is established in a jurisdiction other than the DIFC and is managed by a Fund Manager which is an Authorised Firm. The Fund Manager of an External Fund must have systems and controls which are adequate to ensure compliance with the requirements that apply to the External Fund in the jurisdiction in which it is established or domiciled. The Fund Manager is also obliged to inform the DFSA of the jurisdiction in which the Fund is, or is to be, established or domiciled, and the nature of regulatory requirements applicable to the Fund in

that jurisdiction. A Fund Manager of an External Fund is generally not subject to the requirements that apply to other Domestic Funds established in the DIFC. While some limited requirements apply to External Funds, they are not DFSA regulated Funds.

#### **8. Has the DFSA removed the number-based criteria for Exempt Funds and QIFs?**

Yes. The DFSA has removed the cap on the maximum number of investors that can invest in an Exempt Fund and a QIF. Previously, an Exempt Fund was allowed to have a maximum of 100 investors and a QIF was allowed to have up to 50 investors. This was removed in December 2018.

#### **9. Do the Specialist Fund requirements apply to a QIF?**

Only limited specialist fund requirements apply to a QIF, but you can continue to use the Specialist Fund definitions for labelling purposes, if you wish to do so. It is important however that the Fund name is not misleading.

#### **10. Can I offer an Exempt Fund or a QIF to a Retail Client?**

No. Exempt Funds and QIFs are aimed exclusively at Professional Clients by way of Private Placement. If you wish to offer Units to a Retail Client you will need to change your Fund status to a Public Fund. You will be required to demonstrate to the DFSA that you have the necessary systems and controls and oversight arrangements in place for this. To do so you would need to complete the relevant DFSA Fund application forms. You will also need to consider whether you need to apply for a Retail Endorsement to add to your Authorised Firm's DFSA Licence.

#### **11. What is the Protected Cell Company ('PCC') structure for?**

A Protected Cell Company (PCC) is a company that has separate legal cells embedded in it, and investments in each cell are segregated from investments and liabilities in other cells. The PCC structure for Umbrella Funds (which have separate sub-Funds) allows investors to benefit from sub-Funds having different investment strategies.

#### **12. How does it work?**

A PCC provides legal segregation of assets and liabilities from cell to cell, thereby minimising the impact on other cells should one of the cells fail.

#### **13. What is an Incorporated Cell Company or ICC?**

The DIFC Incorporated Cell Company (ICC) Regulations ('the ICC Regulations') provide for the establishment of an Incorporated Cell Company and its Incorporated Cells. The Incorporated Cells are stand-alone companies distinct from each other and from the ICC itself, of which they are the cells. The ICC Regulations permit such companies to be used to conduct Fund business. The ICC is the 'core' and each Incorporated Cell of the ICC is a Fund on the ICC. This structure is used for a Fund Platform set up.



**14. Can a Property Fund which is a Qualified Investor Fund or an Exempt Fund be open - ended ?**

Yes. A Property Fund which is a Qualified Investor Fund or an Exempt Fund can be either open –ended or closed-ended. However, a Public Property Fund cannot be an open-ended fund and has to be closed-ended only.

**15. Can a Qualified Investor Fund or an Exempt Fund use the term “Real Estate Investment Trust” or “REIT” in its name?**

Yes. A Qualified Investor Fund or an Exempt Fund which is a Property Fund can use the term “Real Estate Investment Trust” or “REIT” in its name if it is a Property Fund which is constituted in accordance with CIR 13.5.1(2).

**16. Can I set up a Venture Capital Fund?**

Yes. A Fund Manager can set up a Venture Capital Fund. A Venture Capital Fund is expected to finance small to medium sized businesses which are in the early stages of business development and growth. A Venture Capital Funds regime is aimed to promote investments in start-ups and small innovative businesses.

## **Types of Fund Manager**

**17. What is a Domestic Fund Manager?**

A Domestic Fund Manager is a Fund Manager established in the DIFC, licensed and regulated by the DFSA for the Financial Service of Managing a Collective Investment Fund. This allows the Authorised Firm to act as the Fund Manager of a Fund.

**18. What is an External Fund Manager?**

An External Fund Manager is a Fund Manager permitted to establish and manage a Domestic Fund in the DIFC without having to establish a place of business in the DIFC. It must be subject to regulation by a Financial Services Regulator in a Recognised Jurisdiction or a jurisdiction otherwise acceptable to the DFSA with respect to its activity of managing Funds. It is also a requirement for the firm to subject itself to the DIFC Laws and the jurisdiction of the DIFC Courts, so far as these apply to the firm’s activities relating to the Domestic Fund.

Additionally, the firm must appoint a Fund Administrator or Trustee in the DIFC to act as its agent. The DFSA will issue a No-Objection Letter confirming the Firm may act in this capacity.

**19. I am an External Fund Manager. How do I interact with the Fund Unitholders and the DFSA?**

An External Fund Manager must put in place an agreement with a DFSA-authorized Fund Administrator or Trustee who will act as its agent in its dealings with the DFSA and with Unitholders. This agreement also requires and empowers the agent to facilitate:

- Issuance, resale and redemption of the Units of the Fund and the publication of the price at which such issuance, resale and redemption will occur, as provided under the Law and the Rules, from a place of business in the DIFC;
- Sending the reports required under the Law and the Rules to Unitholders of the Fund;
- Access, in the DIFC, to the Constitution and most recent Fund Prospectus to Unitholders and Prospective Unitholders;
- Access, in the DIFC, to the Unitholder register; and
- Access, in the DIFC, to the books and records relating to the Fund, as required by the DFSA and any person providing the oversight functions of the Fund.

## **20. I am an External Fund Manager. Must I have premises in the DIFC?**

No. You will rely on your Appointed Agent (a DFSA-licensed Fund Administrator or Trustee) to the Fund to liaise with the DFSA and Unitholders. Your premises will remain in your host jurisdiction unless you wish to become a Domestic Fund Manager.

## **21. What is an internally managed model of Fund management?**

An internally managed Fund model means a Fund which is an Investment Company that is being managed by its sole Corporate Director and not a separately appointed 'external' Fund Manager. The main benefit of an internally managed model of Fund management is cost efficiencies as the Fund is not required to have a dual management structure, one at its board level and one through the external Fund Manager. However, the Corporate Director can only act as the Fund Manager of the Investment Company and not of any other Funds.

## **22. What is an externally managed model of Fund management?**

An 'externally' managed Fund model requires the Fund to be managed by a Fund Manager which is a separate legal entity from the Fund.

## **23. What is a Fund Platform?**

The Fund Platform regime is aimed to facilitate 'start ups' and sponsors who want to establish a track record and familiarise themselves with the regulatory regime, with the expectation that they will, in due course, apply for their own Fund Manager Licence. The Fund Platform regime allows the sponsor to make use of existing infrastructure including systems and controls of another Fund Manager operating a Fund Platform. The Fund Platform regime is an efficient way to manage investor assets in a regulated environment. The sponsor may approach a Fund Manager who operates a Fund Platform and incorporate a cell under the Incorporated Cell Company. Each Incorporated Cell is treated as a separate Fund and a legal entity.

## Types of Trustee

### 24. I would like to establish an Investment Trust domiciled in the DIFC. Must I use a DFSA-licensed Trustee?

No. The Funds regime permits you to use either a DFSA-licensed Firm to act as a Trustee or to provide custody, or an appropriately regulated Trustee or custody provider in a DFSA Recognised Jurisdiction.

## Specific Costs

### 25. What are the regulatory costs of setting up and carrying on fund management business in the DIFC?

Firms will find the costs competitive and comparable with other jurisdictions, as follows:

Fund Manager	Licence Application Fees	Annual Fees
Fund Manager managing Credit Fund	\$10,000	\$10,000
Fund Manager managing Qualified Investor Funds Only	\$5,000	\$5,000
Fund Manager managing Exempt and Public Funds	\$10,000	\$10,000
Fund Manager managing Venture Capital Funds only	\$2,000	\$2,000
Managing a Collective Investment Fund if it is an Investment Company managed by its Corporate Director (internally managed Fund)	\$5,000	\$5,000

Fees for a Fund	Qualified Investor Fund	Exempt Fund	Venture Capital Fund	Public Fund
Application Fee	Nil	Nil	Nil	\$1,000
Annual fee per Fund	\$4,000	\$4,000	\$1,000	\$4,000

### 26. When should I pay the initial annual fee for a Fund?

The fees due for year one should be paid at the time of submitting your Fund registration/notification application to the DFSA.

## Capital Requirements for Fund Managers

### 27. What is the prudential category for Fund Managers?

Prudential Category 3C will be applicable to Fund Managers i.e. Fund Managers of a QIF, Exempt Fund or Public Fund, unless the Fund Manager has an authorisation on its Licence to provide certain other separate services that will take them into a higher category, for example, Dealing in Investments as Principal or Agent, or Providing Custody for other Funds.

### 28. What are the Capital Requirements for Fund Managers?

The table below summarises the usual Capital Requirements:

Licensed Fund Manager	Base Capital Requirement (BCR)	Expenditure Base Capital Minimum (EBCM)* fraction	Capital Requirement
Fund Manager that manages any Public Fund or Credit Fund (whether or not it also manages other types of Funds)	\$140,000	13/52	Higher of BCR (US \$140,000) or EBCM
Fund Manager managing a QIF and/or Exempt Fund only	\$70,000	13/52	Higher of BCR (US \$70,000) or EBCM
Fund Manager managing Venture Capital Funds only	Nil	Nil	The DFSA will require a Fund Manager of a Venture Capital Fund to maintain sufficient liquid assets and access to financial resources that enable them to meet their obligations as they fall due, based upon the nature, size and complexity of their business.
Fund Manager who is also Licensed to Manage Assets of other portfolios	\$500,000	13/52	Higher of BCR (US \$500,000) or EBCM

\* Fund Managers are required to maintain expenditure based capital equal to their 13 weeks expenses.

### 29. If a Fund Manager is also licenced to Manage Assets of other portfolios, what will be the Base Capital Requirement?

A QIF, Exempt, Public or Venture Capital Fund Manager who is also licensed to Manage Assets will have a Base Capital Requirement of US \$500,000. The Fund Manager will not be eligible for the lower capital requirements.

## **How to apply to be a new Domestic Fund Manager**

### **30. If I want to be a Fund Manager of a QIF or an Exempt Fund(s) only, is the Authorisation process different?**

Yes, applicants will be subject to a fast track process for authorising Fund Managers, where the activity to be undertaken by the Fund Manager is limited to managing a QIF or an Exempt Fund and no other Financial Services. We aim to complete the process within a 4-6 week timetable for a QIF or an Exempt Fund Manager application. You will not be required to submit a regulatory business plan in relation to a Fund Manager. The application relies heavily on self-certification and reflects the level of regulatory risks involved. An online application form, AUT3 Fund Manager – Exempt Fund, Qualified Investor Fund Form should be submitted through the DFSA ePortal.

### **31. What is the timeline for authorisation as a Venture Capital Fund Manager?**

In case of a Venture Capital Fund, the DFSA has a straight-through processing approach. From the point of submission of the relevant licensing application and accompanying authorised individuals' applications, we will aim to provide an applicant an in-principle decision within one week of receipt of a complete application. The applicant will then be expected to address the in-principle conditions. The application form will focus only on venture capital business activities. An applicant will not have to provide a business plan, rather, complete a number of questions, which will provide us with the type of information we would expect in a business plan. Self-certification will be a key part of the application process.

### **32. What is the timeline for authorisation as a Fund Manager of a Credit Fund?**

We consider that a Fund Manager of a Credit Fund is undertaking a more complex type of business than a Fund Manager operating many other types of Exempt Funds or QIFs. Assessing an application and authorising a Fund Manager of a Credit Fund is likely to be more complex and time consuming, as such we expect that the process will take longer than the current timeframe applicable for an Exempt Fund or a QIF Manager application.

### **33. If I apply as a Fund Manager of a QIF/Exempt Fund only, will there be a restriction on my DFSA Licence?**

Yes, as an example, if you are licensed as a Fund Manager only in respect of QIFs and Exempt Funds, such a restriction will be added to your Licence to restrict you to this activity only.

### **34. Will there be a restriction on a Fund Manager's Licence that is managing Venture Capital Funds only?**

Yes. On the basis that the Venture Capital Fund Manager is allowed to manage only a Venture Capital Fund, the DFSA will restrict the Authorised Firm's Licence to reflect this. The DFSA will add the restriction, i.e., restricted to managing QIFs or Exempt Funds which are Venture Capital Funds to the Firm's Licence.

**35. If I apply as a Fund Manager of Credit Funds only, will there be a restriction on my DFSA Licence?**

If a Fund Manager is licensed to manage Credit Funds, the DFSA will restrict the Authorised Firm's Licence to reflect that the Firm is restricted to managing (1) QIFs or (2) QIFs and Exempt Funds.

**36. Can a Domestic Fund Manager manage an External Fund that is a Credit Fund?**

No, a Domestic Fund manager cannot manage an External Fund that is a Credit Fund.

**37. I am a Fund Manager of a QIF and Exempt Funds only and wish to manage Public Funds, what do I need to do?**

You will need to engage with your DFSA Supervisor or, if you do not have a supervisor, please contact the DFSA through the Supervised Firm Contact Form to discuss details about your proposed Public Fund. Following the discussions, you can apply for variation of your Licence to allow managing a Public Fund.

**38. Does a Fund Manager require an endorsement on its Licence to use a Fund Platform?**

Yes. A Fund Manager requires an endorsement on its Licence to allow it to use a Fund Platform. The Fund Platform operator is responsible for the establishment, management, operation or winding up of a Fund that is an Incorporated Cell of the ICC.

## **Application for a Variation of Licence**

**39. Which application form should I use to vary my Licence?**

An existing Authorised Firm wishing to add the Financial Service of Managing a Collective Investment Fund for QIFs and Exempt Funds only should submit the online AUT3 Fund Manager – Exempt Fund, Qualified Investor Fund Form through the DFSA ePortal.

## **Application to become an External Fund Manager**

**40. To become an External Fund Manager to a DIFC Domestic Fund, what will the application process be and are there any special requirements?**

An External Fund Manager will not be a DFSA licensed firm and, as a result, the process for reviewing the application will be shorter than for a Domestic Fund Manager. A letter of good standing from the home state financial services regulator, a copy of your licence, and the Appointed Fund Administrator/Trustee agreement should be provided with the relevant AUTEFM External Fund Manager Form. In this form, the applicant will be required to confirm if they are subject to regulation by a financial services regulator in a Recognised Jurisdiction. If not, they will need to be subject to regulation in a jurisdiction otherwise acceptable to the DFSA with respect to managing a Collective Investment Fund. You should refer to the DFSA's

[Recognised Jurisdiction List](#) on the DFSA website. If your jurisdiction does not appear on this list you will be required to demonstrate to the DFSA that you are from an acceptable jurisdiction. In order to do so, you are required to carry out a comparative analysis of your jurisdiction's regulated fund regime against that of the DFSA and highlight where any gaps exist. Where such gaps exist you should also demonstrate controls you intend to implement to match DFSA requirements. As part of your submission you should provide the comparative analysis including gaps and remedies.

**41. I would like to apply to the DFSA as an External Fund Manager. Where can I find a list of DFSA Fund Administrators/Trustees who could act as the agent for my DFSA-domiciled Fund?**

The DFSA Public Register has search criteria which can be used to produce the required list.

**42. Can I apply to the DFSA as an External Fund Manager to manage a Domestic Fund that is a Credit Fund?**

No, an External Fund Manager cannot manage a Domestic Fund that is a Credit Fund.

**43. I am an External Fund Manager. Will my details be on the DFSA Public Register?**

Yes. A section exists on the DFSA Public Register to reflect any firm issued a No-Objection Letter permitting it to act as an External Fund Manager of a Fund. Attached to the firm's entry in the Register will also be details of the Appointed Fund Administrator or Appointed Trustee acting as its agent in the DIFC.

## **Application to establish a Fund**

**44. Will the DFSA accept my Fund application at the same time as my Licensing/Variation of Licence application to become a Fund Manager?**

No. The DFSA will only accept a Fund application once the Fund Manager has completed the licensing/variation of Licence process. However, Fund Managers are encouraged to engage with the DFSA at the planning stage of establishing the Fund in the DIFC. This will help in identifying any potential policy issues and addressing them in a proactive manner.

**45. Is there a difference between the application process for establishing a Public Fund, Exempt Fund, QIF and External Fund?**

The contents of each form reflects the level of regulatory risks involved. For example, much of the Public Fund form is based on open-ended questioning where the DFSA expects narrative responses which describe the systems and controls the Fund Manager has implemented to mitigate regulatory risks inherent to those Funds. This is also reflected in the fact that a Public Fund is subject to a DFSA registration process whilst Exempt Funds, QIFs and External Funds are subject to

a notification process only. Many of the questions and much of the information sought in the Exempt Fund form and QIF form relies heavily on self-certification.

#### **46. How long does it take to establish an Exempt Fund?**

The DFSA will only accept a Fund application from an already DFSA Licensed Fund Manager or existing External Fund Manager. Where a Fund Manager is looking to establish an Exempt Fund, the DFSA will aim to complete the Exempt Fund Notification process within 5 business days. We recommend that you submit the relevant documentation to the DIFC Registrar of Companies at the same time as submitting the notification to the DFSA.

#### **47. How long does it take to establish a QIF?**

The DFSA will only accept a Fund application from an already DFSA Licensed Fund Manager or existing External Fund Manager. Where a Fund Manager is looking to establish a QIF, the DFSA will aim to complete the QIF Notification process within 2 business days. We recommend that you submit the relevant documentation to the DIFC Registrar of Companies at the same time as submitting the notification to the DFSA.

#### **48. How do I apply to establish a Fund in the DIFC?**

You will need to complete the relevant sections of the Public Fund Supplement, Exempt or QIF Notification Form and submit this to the DFSA for Registration / Notification purposes. This should be submitted via the DFSA ePortal for QIFs and Exempt Funds and the Public Fund Supplement should be submitted to the email address: [dfsafunds@dfsa.ae](mailto:dfsafunds@dfsa.ae) .

### **Changing your QIF/Exempt Fund to Public Fund status**

#### **49. Currently, I manage an Exempt Fund/QIF but would like to change this to Public Fund status. What am I required to do?**

You will need to complete the Public Fund Supplement and submit this to the DFSA. If you are not already licensed to manage Public Funds, you will also need to submit the Core Information form.

#### **50. Which application forms should I use?**

Please find a list of forms related to the Fund Manager and the Fund application.

Form Name	DFSA ePortal or paper based	Purpose of the Form
AUT3 Fund Manager – Exempt Fund, Qualified Investor Fund Form	DFSA ePortal	A new applicant Fund Manager seeking a Licence to manage Exempt Funds, Qualified Investor Funds, Credit Funds and Venture Capital Funds only
AUT EFM External Fund Manager form	Paper based	Application to be an External Fund Manager
Fund – Exempt, External and Qualified Investor Fund form version	DFSA ePortal	Notification application for establishing a QIF, Exempt or External Fund



AUT PFS Public Fund Supplement	Paper based	Application to establish a Public Fund
PASSPORT – Fund Passporting form.	DFSA ePortal	Application to Passport a domestic Fund to be promoted across the UAE (other than the DIFC) and / or ADGM
SUP4 – Application to vary a Licence	Paper based	Application to add or amend Financial Services to the Licence of an existing DFSA Authorised Firm.

Please note that all paper based forms are available as soft copy format on the DFSA website under the Application Forms and Notices Module (AFN)

## Fund Documents

### 51. What documents should the Fund Manager submit along with the QIF or an Exempt Fund notification form?

The Fund Manager should submit the Fund Constitution and the Fund Prospectus along with the Fund notification form.

## Fund Custodian

### 52. Should a custodian be appointed for the safekeeping of the Fund Property?

Yes. A custodian should be appointed for safekeeping of the Fund Property. However, in the case of Venture Capital Funds, Private Equity Funds, Property Funds, Credit Funds and Funds investing in infrastructure projects, the Fund Manager can hold self-custody of Fund Property. The Fund Manager should ensure that the Fund Property is clearly identified as belonging to the Fund and should be held separately from property of the Fund Manager and any other Funds.

## Oversight Arrangements

### 53. Do I require oversight arrangements for a Public Fund?

Yes. Oversight arrangements are required for Domestic Public Funds as per CIR 10.3.

### 54. Do I require oversight arrangements for an Exempt Fund?

No. But certain specialist funds, i.e. Private Equity and Property Funds which are Exempt Funds require Investment Committees.

### 55. Do I require oversight arrangements for a QIF?

No. QIFs are permitted to add oversight arrangements if they wish to do so, but there are no specific rule requirements.

### 56. I propose to manage a Shari'a compliant Fund. Will I still be required to have a Shari'a Supervisory Board ('SSB') at both firm and Fund level?

No. One SSB may be used both for the Firm and the Fund. In addition, an Exempt Fund is not required to appoint an SSB (although its Constitution and Prospectus must be approved by the SSB of the Fund Manager who has an obligation to ensure that it remains Shari'a compliant). There are no specific rule requirements for a QIF.

However, it would be misleading of the QIF to be called an Islamic Fund without there being some Shari'a Supervisory Board or scholar input.

## **Passporting – Marketing Domestic Funds**

### **57. Can a Qualified Investor Fund, Exempt Fund or a Public Fund be marketed and sold in the UAE?**

Yes. A Qualified Investor Fund, Exempt Fund or a Public Fund can be marketed and sold in the UAE, provided the Fund Manager approaches the DFSA and completes the Fund Passporting notification process.

### **58. Is there an online form for Fund Passporting notification to be submitted to the DFSA?**

Yes. Fund Managers should log onto the DFSA ePortal and submit the Fund Passporting form.

### **59. What are the fees for notification of Passporting a Fund?**

A Fund Manager must pay a notification fee of \$9,500 for each Fund. If the Fund is an Umbrella Fund or a cell company, then a fee should be paid for each sub-fund or cell.

### **60. What are the annual fees for a Passported Fund?**

A Fund Manager must pay an annual fee of \$2,000. If the Fund is an Umbrella Fund or a cell company, then a fee should be paid for each sub-fund or cell.

### **61. Where can I find the details of the Fund Passporting regime?**

Please refer to the Fund Protocol Rules (FPR):  
<https://dfsaen.thomsonreuters.com/rulebook/fund-protocol-rules-fpr-ver102-19>

## **Marketing Foreign Funds**

### **62. I would like to market Foreign Funds in the DIFC. What are the requirements?**

Please refer to Chapter 15 of the Collective Investment Rules for details related to marketing of Foreign Funds. Firms can market units of Foreign Funds if one of the following criteria is met:

The Foreign Fund is a Designated Fund in a Recognised Jurisdiction. The DFSA's Recognised Jurisdiction list is available on the DFSA website; or

The Fund Custodian and the investment manager can meet the required criteria set out in CIR; or

The Firm makes a recommendation of the investment in the Units of the Foreign Fund to the particular investor, in light of that investor's investment objectives and circumstances (providing an advice with a suitability assessment); or

The Foreign Fund is open to investors who meet the Professional Client test and make a minimum subscription of USD \$50,000 and is offered to the investors by way of private placement.

Property Funds cannot be marketed unless they meet specific criteria including 60% or more of the Fund's assets comprise of Real Property, the Fund is closed ended, the units are either listed or traded in a Recognised Jurisdiction or offered only by means of private placement.

Foreign Funds which cannot be marketed to retail investors in the home jurisdiction of that Fund are prohibited from being marketed to retail investors in or from the DIFC.

Representative Offices can also market Foreign Funds in or from the DIFC. However, it should be noted that the approaches which can be used by Representative Offices are far more restricted to that noted above for advisory / arranging firms. All Representative Offices should refer to the Representative Office Module of the DFSA Rulebook to understand the limited approaches which can be adopted.

### **63. Are there any additional requirements for marketing certain foreign funds?**

Yes, there are additional requirements for marketing certain types of Foreign Funds such as Property Funds, Exchange Traded Funds, Venture Capital Funds, and Credit Funds. For details, please refer to CIR 15.1.

## **Supervisory Process**

### **64. What is the DFSA's supervisory approach to the Funds regime?**

The DFSA operates a risk-based supervision framework, with the primary focus of engaging with Firms through on-going site visits and transaction testing. The DFSA seeks to establish and maintain an on-going dialogue with a Firm's senior management in order to develop and sustain a thorough understanding of the Firm's business, systems and controls. This includes risk assessments and thematic work. Firms should direct all routine communication via the online DFSA ePortal. This approach applies to Domestic Fund Managers and Domestic Funds. For External Fund Managers, the relationship will be conducted through the Appointed Fund Administrator or Trustee, and a large degree of reliance will be placed on the supervision of the home-state regulator.

## **Getting Help**

### **65. DFSA Rulebook:**

The DFSA website contains more information about DFSA Administered Laws and the DFSA Rulebook. Relevant Law and Rulebook Modules for funds include the [Collective Investment Law](#), the [Collective Investment Rules](#) (CIR) and the [Islamic Finance Rules](#) (IFR).

### **66. Enquiries and applications:**

Please contact the DFSA at the following email address

Fund Manager authorisation enquiries	
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Fund application enquiries	DFSAFunds@dfsa.ae
General enquiries related to the Funds regime	

You can also call us on +9714 3621 500.

## **67. About the DFSA**

The DFSA is the independent regulator of financial services conducted in or from the DIFC, a purpose-built financial free zone in Dubai, UAE. The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange.

## **Information Sources**

### **68. Leaflet: A Guide to the DFSA Funds Regime**

A Guide to the DFSA Funds Regime is available on the [COLLECTIVE INVESTMENT FUNDS web page](#).

### **69. Structure Chart of the DFSA Funds Regime**

Please see below.

### Structure Chart of the DFSA Funds Regime

