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Offering of Hong Kong Domiciled Funds in Dubai International Financial Centre

I. Overview of asset and wealth management industry in DIFC

Market landscape

1. Dubai International Financial Centre (**DIFC**) is a financial free zone with a separate legal system, and a distinct geographical region and jurisdiction inside the emirate of Dubai (the United Arab Emirates federation (UAE) comprises seven Emirates).
2. The DIFC is empowered to create its own civil and commercial laws which are separate from those of the Emirate of Dubai and the wider UAE. The Federal Penal Code and other Federal regulator of

The DFSA's main functions are to:
uals who wish to conduct financial
lated participants and monitor their
es that apply; (iii) enforce DFSA-
and provide assistance to regulatory
other jurisdictions. In particular, the
managing or distributing collective

ed in the DIFC. They are Domestic
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rnal Funds are managed by fund
Funds are not. The investors in the
ents.

Funds, 47 Exempt Funds and 75 Qualified Investor Funds⁴. Set out below are some key features of the Collective Investment Funds regime for Domestic Funds:

- (a) Public Fund Regime provides protection to the wider market including retail investors through requirements such as the independent oversight of a Fund and detailed disclosure in a Prospectus. A Public Fund is subject to a higher degree of regulatory requirements.
- (b) Exempt Fund Regime enables Exempt Funds to benefit from a fast-track notification process, where the DFSA aims to complete the notification process within a period of five business days, with lesser regulatory requirements than a Public Fund.
- (c) Qualified Investor Fund (QIF) Regime provides proportionate regulation, allowing

II. Offering of Foreign Funds in DIFC

Are there restrictions or practical hurdles for Foreign Funds to be offered in DIFC?

8. In general, there are no restrictions or practical hurdles for foreign funds (eg, Hong Kong domiciled funds or funds domiciled in other jurisdictions which are associated with Hong Kong entities) to be offered to retail and institutional investors in DIFC. However, there are certain restrictions and limitations on property funds, crypto funds, and credit funds⁶. Essentially, these restrictions ensure that such funds need to have similar controls in place as if they were a Domestic Fund. For example, property, venture capital and credit funds must be closed-ended, and there is no competitive disadvantage to the Domestic Funds.

What are the requirements for Foreign Funds to be marketed in DIFC?

9. Foreign Funds can be marketed in the DIFC by firms authorised by the DFSA for the financial services of either Arranging Credit or Arranging Deals in Investments (**Authorised Firmss**)



10. Foreign Funds which are not Designated Funds (eg, Hong Kong domiciled funds not authorised by the SFC or funds domiciled elsewhere which are associated with the SFC)



and DFSA Rules concerning securities such as equity shares, debentures and certificates. Listing approval of the DRs is required from Nasdaq Dubai.

Offering/marketing without cross-listing

17. Hong Kong domiciled ETFs that make use of the Foreign Fund regime discussed in paragraphs 8-12 above may be marketed by Authorised Firms in DIFC without cross-listing on Nasdaq Dubai.

III. Access to investors in the mainland UAE⁹ market via DIFC

The UAE-wide Passporting Regime for Funds (UAE Passporting Regime)

What is it?

home regulator to conduct the applicable activity for the passported fund in the home jurisdiction.

What needs to be done to benefit from the regime?

22. Fund managers, agents and other licenced persons should ensure that they are appropriately authorised by their home regulator to conduct the applicable activity before seeking to passport to host jurisdictions. In addition, they need to pay the applicable fees to the home regulator: (a) a notification fee and (b) an annual fee.
23. Following notification, the home regulator and host regulator(s) will update their respective registers of passported funds to recognise that the domestic fund qualifies as a “passported fund”.
24. If the passported fund is a private fund, it can only be promoted to ‘qualified investors’ (in the DIFC, ADGM and mainland UAE), pursuant to the applicable definitions in the relevant passporting rules. On the contrary, a passported fund that is a public fund may be offered to any person in the host jurisdiction(s).
25. Under the UAE Passporting Regime, the fund manager must notify the home regulator of material events in accordance with applicable legislation in the home jurisdiction, such as changes to the fund manager, agents, licensed persons or any other material service providers. The home regulators may exercise supervisory and investigatory powers, which include de-registering the passported fund of its own volition, at the request of the fund manager, on commencement of winding up, or at the request of the host jurisdiction regulator.

Ongoing compliance

26. The passporting rules in each home jurisdiction supplement the existing collective



IV. Other information sources

You may also find further helpful information at:

- x <https://www.dfsa.ae/what-we-do/collective-investment-funds>
- x <https://www.dfsa.ae/your-resources/regulatory/faqs> refer to DFSA Collective Investment Fund Regime.
- x <https://www.dfsa.ae/your-resources/regulatory/laws-and-rules> to reference applicable laws and rules.
- x <https://dfsae.thomsonreuters.com/rulebook/past-papers> for Fund-related Consultation Papers.
- x <https://www.dfsa.ae/make-enquiry> to make an enquiry.