



PRESCRIBED COMPANY REGULATIONS

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The Board of Directors of the DIFCA, in the exercise of the powers conferred on them under Articles 132 and 151 of the Companies Law, hereby make these regulations.

1. INTRODUCTION

1.1 Application and interpretation

1.1.1 These Regulations apply to:

- (a) every person who falls within the definition of a Prescribed Company;
- (b) every person applying for the incorporation or continuation of a Prescribed Company in the DIFC; and
- (c) the Registrar.

1.1.2 The Relevant Laws apply to a Prescribed Company unless specified otherwise in these Regulations.

1.1.3 To the extent that a Prescribed Company also qualifies as a Special Purpose Vehicle, the provisions of these Regulations shall not exempt it from any requirements resulting from any DFSA administered legislation applicable to it. To the extent any provision in these Regulations conflicts with any provision in DFSA administered legislation in respect of their application to a Prescribed Company that is also a Special Purpose Vehicle, the relevant DFSA administered provision shall prevail.

1.1.4 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.

1.1.5 Any reference to enacted law or regulations, is a reference to that enactment as amended from time to time, and includes a reference to that enactment as extended, applied or otherwise amended by or under another enactment.

1.1.6 Any reference or requirement in these Regulations for a person to be “physically present in the DIFC”, refers to a Registered Person present in the DIFC by way of owning, leasing, sub-leasing property or sharing a premises with an affiliate with a valid no objection certificate from the DIFCA to do so, but does not include having a presence in the DIFC by way of a Corporate Service Provider or other registered agent in the DIFC.

1.1.7 The following defined terms have the meaning given below:

Defined Term	Definition
Accounting Records	has the meaning given to the term in the Companies Law.
Affiliate	a legal entity that is under the same group structure and has Common Ownership or Common Control with a DIFC Registered Entity.
AML Requirements	any requirements under applicable DIFC Law or Federal Law in relation to anti-money-laundering, counter-terrorist financing and sanctions applicable to Registered Persons in the DIFC.
Articles of Association	the articles of association of a Prescribed Company as filed with the Registrar.
Authorised Firm	a person who holds a licence from the DFSA or a Recognised Financial Services Regulator to carry on one (1) or more Financial Services, excluding a Representative Office.
Aviation Structure	a structure of one (1) or more persons having the sole purpose of facilitating the

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Defined Term	Definition
	owning, financing, securing, leasing or operating an interest in one (1) or more aircraft(s) or any part(s) thereof.
Board of Directors of the DIFCA	the governing body of the DIFCA.
Collective Investment Law	the Collective Investment Law, DIFC Law No. 2 of 2010.
Commencement Date	the date of commencement of these Regulations.
Common Control	either: (a) the same person(s) (whether directly or indirectly) has: (i) the power to appoint or remove the majority of the directors or members of the governing body; or (ii) the ability to direct the management, of both the DIFC Registered Entity and the Affiliate; or (b) the DIFC Registered Entity and the Affiliate are members of the same network of professional consultants that operate under the same brand and corporate governance policies or rules of association.
Common Ownership	one (1) or more persons who (directly or indirectly) own the majority of shares in both the DIFC Registered Entity and the Affiliate.
Companies Law	the Companies Law, DIFC Law No. 5 of 2018.
Confirmation Statement	has the meaning given to the term in the Operating Law.
Control	in relation to a Prescribed Company or any other person, the power to secure: (a) by means of the holding of shares or the possession of voting power, directly or indirectly; or (b) as a result of any powers conferred by the Articles of Association or other document regulating the Prescribed Company or such other person, that the affairs of the Prescribed Company or such other person are conducted in accordance with such person's wishes; and "Controlled" has a corresponding meaning.
Corporate Service Provider	a person registered with the DFSA as an Authorised Firm or a Designated Non-Financial Business or Profession licensed to undertake corporate services business in the DIFC.
Crowdfunding Platform	has the meaning given to the term in the Glossary Module of the DFSA Rulebook operated by a Crowdfunding Operator.
Crowdfunding Operator	a person authorised under a licence issued by the DFSA to operate a Crowdfunding Platform.
Crowdfunding Structure	a structure of one (1) or more persons established for the purpose of holding the asset(s) invested into through a Crowdfunding Platform.
Decision Making Procedures	has the meaning given to the term in the Operating Law.

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Defined Term	Definition
DfSA	the Dubai Financial Services Authority.
DIFCA	the Dubai International Financial Centre Authority.
DIFC Holding Structure	a structure of one (1) or more persons established for the sole purpose of holding shares in one (1) or more Registered Person.
DIFC Registered Entity	a Registered Person, other than a Prescribed Company and a Non Profit Incorporated Organisation.
Director	has the meaning given to the term in the Companies Law.
Economic Substance Regulations	UAE Federal Cabinet of Ministers Resolution Concerning Economic Substance Requirements No. 57 of 2020.
Economic Substance Test	has the meaning given to the term in the Economic Substance Regulations.
Emirate	any emirate of the UAE.
Family Operated Business	a business that is owned or Controlled by a Single Family.
Federal Government	the federal government of the UAE.
Financial Service	any financial activity prescribed by applicable law in the DIFC or a Recognised Jurisdiction as constituting a financial service.
Foreign Fund	has the meaning given to the term in the Collective Investment Law.
Fund	a collective investment scheme that is either: (a) a Domestic Fund; or (b) a Foreign Fund domiciled in a Recognised Jurisdiction.
Fund Manager	the person who is legally accountable for the management of the Fund and includes a person who establishes, operates or winds up a Fund.
General Partner	the general partner of a Fund established as a limited partnership.
Government Entity	any of the following: (a) the Federal Government, the government of Dubai or the government of any Emirate; (b) a person in which a government entity listed in (a) above owns (directly or indirectly) an interest of at least twenty five percent (25%) (or such other percentage approved by the Board of Directors of DIFCA); or (c) is otherwise Controlled by a government entity listed in (a) above.
Initiator	in relation to a Prescribed Company established or continued in the DIFC for a Structured Financing, the person(s) for whose ultimate benefit the transaction or structure is established or maintained.
Innovation Entity	an entity with a business model using, developing or testing new, novel or innovative technology, including utilising technology to provide innovative products and services, in accordance with a list published by the DIFCA Board from time to time.

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Defined Term	Definition
Innovation Holding Structure	a structure of one (1) or more persons established for the sole purpose of holding shares in one (1) or more Innovation Entities.
Intellectual Property Structure	a structure of one (1) or more persons established for the sole purpose of holding intellectual property for commercial purposes.
Licence	has the meaning given to the term in the Operating Law.
Maritime Structure	a structure of one (1) or more persons having the sole purpose of facilitating the owning, financing, securing, chartering, managing or operating of an interest in one (1) or more Maritime Vessel(s), Maritime Unit(s) or any part(s) thereof.
Maritime Unit	a fixed or floating marine structure which is designed for supporting vessels, exploiting natural resources, coastal protection or any other lawful marine operation, including (without limitation) rigs, wharves, docks, barges, piers, jetties, mooring structures, or buoys.
Maritime Vessel	a watercraft normally operating, or made for the purpose of operating, and used, or that is capable of being used, as a means of navigation on water, without regard to its power or tonnage.
Non Profit Incorporated Organisation	a Non Profit Incorporated Organisation which is incorporated or continued pursuant to the Non Profit Incorporated Organisations Law, DIFC Law No. 6 of 2012.
Operating Law	the Operating Law, DIFC Law No. 7 of 2018.
Prescribed Company	a Prescribed Company within the meaning of Regulation 2, including a Special Purpose Company.
Qualifying Applicant	<p>any of the following:</p> <ul style="list-style-type: none"> (a) an Affiliate of a DIFC Registered Entity; (b) an Authorised Firm; (c) a DIFC Registered Entity; (d) a Family Operated Business; (e) a Fund; (f) a Government Entity; (g) a shareholder or an Ultimate Beneficial Owner that Controls a DIFC Registered Entity; or (h) a person wholly owned by one (1) or more of the foregoing Qualifying Applicants, <p>and which satisfies the Registrar that it or they will Control the Prescribed Company.</p>
Qualifying Purpose	<p>any of the following:</p> <ul style="list-style-type: none"> (a) an Aviation Structure; (b) a Crowdfunding Structure; (c) a DIFC Holding Structure; (d) an Innovation Holding Structure;

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Defined Term	Definition
	<p>(e) an Intellectual Property Structure;</p> <p>(f) a Maritime Structure; or</p> <p>(g) a Structured Financing.</p>
Recognised Financial Services Regulator	a recognised regulator of financial services activities in a Recognised Jurisdiction.
Recognised Jurisdiction	the UAE, a Zone 1 Country or a jurisdiction recognised by the DFSA under Article 55 of the Collective Investment Law.
Registered Person	has the meaning given to the term in the Operating Law.
Registrar	the Registrar appointed under the Operating Law.
Relevant Activity	has the meaning given to the term in the Economic Substance Regulations.
Relevant Laws	the Companies Law, the Operating Law and the regulations issued pursuant to these laws.
Representative Office	has the meaning given to the term in the General Module of the DFSA Rulebook, or any similar activity undertaken in a Recognised Jurisdiction.
Retail Entity	an entity that is licensed by the DIFC to conduct a retail or a hospitality related activity.
Securities	has the meaning given to the term in the Companies Law.
Single Family	has the meaning given to it under the Single Family Office Regulations.
Special Purpose Company	a Special Purpose Company established under the Special Purpose Company Regulations (SPCoR) issued by the Board of Directors of the DIFCA on 25 November 2008 (as repealed and replaced by these Regulations).
Special Purpose Vehicle	a Special Purpose Vehicle as defined in the Glossary Module of the DFSA Rulebook.
Structured Financing	<p>a structure of one (1) or more persons having the sole purpose of holding assets to leverage and/or manage risk in one (1) or more financial transactions, inclusive of the following:</p> <p>(a) complex lending or security arrangements;</p> <p>(b) derivative transactions;</p> <p>(c) hybrid securities;</p> <p>(d) issuing of Securities to facilitate bond or sukuk issuances;</p> <p>(e) securitisations; or</p> <p>(f) collateralised debt instruments,</p> <p>whether done in an Islamic or a conventional manner.</p>
Transaction Party	in relation to a Prescribed Company established or continued in the DIFC for a Structured Financing, any person (other than the Initiator) that is a party to any agreement comprising the Structured Financing.

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Defined Term	Definition
Trustee	a trustee of a Fund that is constituted as an investment trust.
UAE	United Arab Emirates.
UBO Regulations	the Ultimate Beneficial Ownership Regulations 2018.
Ultimate Beneficial Owner	has the meaning given to the term in the UBO Regulations.
Zone 1 Country	Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States of America.

1.1.8 An undefined term that is used in these Regulations and is also used in the Relevant Laws shall have the same meaning in these Regulations.

1.1.9 The rules of interpretation in the Relevant Laws apply to these Regulations.

1.2 References to writing

1.2.1 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 must be interpreted accordingly.

1.2.2 Regulation 1.2.1 does not affect any other legal requirements which may apply in relation to the form or manner of executing a document or agreement.

2. STATUS

2.1.1 A Prescribed Company is a prescribed company incorporated or continued in the DIFC pursuant to the provisions of Article 132 of the Companies Law.

2.1.2 Except as otherwise provided in these Regulations, the provisions of the Relevant Laws apply to Prescribed Companies as if it is a Private Company.

3. ESTABLISHMENT

3.1 Qualifying requirements

3.1.1 An applicant wishing to incorporate or continue a Prescribed Company in the DIFC must satisfy the Registrar that:

- (a) the Prescribed Company will be Controlled by one (1) or more Qualifying Applicants; or
- (b) the proposed Prescribed Company is to be established or continued in the DIFC for a Qualifying Purpose; and
- (c) where:
 - (i) the Qualifying Applicant is a Family Operated Business that does not have a physical presence in the DIFC, it has a substantial presence in the UAE in the form of assets and business interests;
 - (ii) the proposed Prescribed Company is to carry out or form part of a Relevant Activity in the UAE that is not exempted by the Economic Substance Regulations, it, or (where relevant) the group or structure that it forms part of, meets any relevant Economic

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Substance Test requirements in respect thereof, or will meet such requirements once the proposed Prescribed Company is established and operational.

3.1.2 The Articles of Association of a Prescribed Company serving a Qualifying Purpose shall limit its objects and activities to only its Qualifying Purpose and activities ancillary to such purpose.

3.2 Financial services and public offers of Securities

3.2.1 A Prescribed Company may be used by a Fund Manager, a Trustee or a General Partner as a Special Purpose Vehicle to hold property on behalf of a Fund.

3.2.2 A Prescribed Company shall not be used to be the Fund Manager, the Trustee or the General Partner of a Fund or as the Fund itself.

3.2.3 A Prescribed Company whose Qualifying Purpose is a Crowdfunding Structure:

- (a) may be used to hold assets invested through a Crowdfunding Platform as part of a Crowdfunding Structure but shall not be used to be the Crowdfunding Operator; and
- (b) shall be exempted from the requirement to have no more than fifty (50) shareholders under Article 27(1)(b) of the Companies Law.

3.2.4 A Prescribed Company whose Qualifying Purpose is a Structured Financing that is making an offer of its Securities to the public to facilitate a bond or sukuk issuance shall, where applicable:

- (a) not be regarded as falling within the definition of a Public Company under Article 27(4)(a) of the Companies Law; and
- (b) be exempted from the following provisions of the Companies Law:
 - (i) the prohibition in Article 42 (Prohibition of public offers by Private Companies); and
 - (ii) the requirement to have no more than fifty (50) shareholders under Article 27(1)(b).

3.2.5 A Prescribed Company shall not provide any Financial Services unless it is authorised by the DFSA to do so.

3.2.6 Nothing in this Regulation is to be construed as exempting a Prescribed Company from the general prohibition of public offers of its Securities under Chapter 4 of the Companies Law or the financial promotion restrictions or requirements in respect thereof imposed by applicable markets or securities laws and related regulations.

3.3 Application to incorporate or continue

3.3.1 An application to incorporate or continue a Prescribed Company in the DIFC shall be made to the Registrar in the prescribed form and accompanied by the documentation required to be lodged in connection with an application for the incorporation or continuation of a Private Company.

3.3.2 The Registrar may enter into an arrangement with a Corporate Service Provider under which:

- (a) any document, form or fee required by these Regulations or the Relevant Laws to be lodged with or paid to the Registrar for the incorporation or continuation of a Prescribed Company in the DIFC, may be lodged with or paid to the Registrar by the Corporate Service Provider; and
- (b) the Corporate Service Provider is required to perform some or all assessments, checks and verifications required under these Regulations or the Relevant Laws to ascertain and confirm whether an applicant:
 - (i) adheres to all AML Requirements, the UBO Regulations and other requirements of the Relevant Laws;

- (ii) maintains Accounting Records in accordance with Regulation 4.3.1;
- (iii) where relevant, is a Qualifying Applicant that will, individually or with other Qualifying Applicants, Control the Prescribed Company; and
- (iv) where relevant, has a Qualifying Purpose,

and to provide a certification of such matters to the Registrar in an agreed format.

3.3.3 The Registrar in the performance of any function under the Relevant Laws may in good faith rely, without further enquiry, upon the certification of a Corporate Service Provider given under Regulation 3.3.2, provided that a Corporate Service Provider shall not be liable to the Registrar for doing so, unless it has acted in breach of its agreed obligations to the Registrar, in which case (without limiting the generality of its application) Regulation 3.3.4 shall apply.

3.3.4 The Registrar may:

- (a) revoke any arrangement entered into with a Corporate Service Provider under Regulation 3.3.2 if the Registrar is satisfied that the Corporate Service Provider has acted in breach of its agreed obligations to the Registrar;
- (b) inform the DFSA of any facts or circumstances that may amount to a breach of a Corporate Service Provider's regulatory duties under applicable law; and
- (c) inform law enforcement agencies of any alleged or suspected criminal offences on the part of a Corporate Service Provider or its clients.

3.3.5 Where an applicant is represented by a Corporate Service Provider in an application to incorporate or continue a Prescribed Company, the Registrar shall be permitted to communicate directly with such Corporate Service Provider with no need to directly communicate with the applicant pursuant to these Regulations.

3.4 Name requirements

Unless determined otherwise by the Registrar, the proposed name of a Prescribed Company shall end with "Limited" or "Ltd." and comply with the requirements in the Relevant Laws relating to names.

3.5 Permission to incorporate

3.5.1 Upon deciding to refuse to grant permission to incorporate or continue a Prescribed Company, the Registrar shall without undue delay inform the applicant in writing of such refusal.

3.5.2 Upon deciding to grant permission to incorporate or continue a Prescribed Company, the Registrar shall without undue delay inform the applicant in writing of:

- (a) such decision;
- (b) the date on which the Licence applicable to the Prescribed Company shall be deemed to take effect; and
- (c) any conditions and restrictions applicable to the Licence.

3.5.3 The Licence of a Prescribed Company established for a Qualifying Purpose shall be restricted to the activities specific to the Qualifying Purpose stated in its application to incorporate or continue the Prescribed Company in the DIFC.

3.5.4 The Licence of a Prescribed Company established by a Qualifying Applicant may include any activities permitted by the Registrar in accordance with the categories of commercial licences available in the DIFC.

3.6 Incorporation Fees

The application for incorporation shall be accompanied by the relevant fee prescribed in Regulation 5 and set out in Appendix 1.

4. CONDUCT OF BUSINESS

4.1 Registered Office

4.1.1 Subject to Regulation 4.1.2, a Prescribed Company's registered office for the purpose of Article 13 of the Operating Law shall either be:

- (a) the registered office in the DIFC of its Qualifying Applicant or, where applicable, any one (1) of them;
- (b) the registered office in the DIFC of the Registered Person establishing the Prescribed Company for a Qualifying Purpose or, where applicable, any one (1) of them;
- (c) the registered office in the DIFC of the Registered Person that is an Affiliate of the Prescribed Company or, where applicable, any one (1) of them, subject to the approval of the Registrar; or
- (d) the registered office of a Corporate Service Provider appointed for this purpose by:
 - (i) the applicant(s) for its incorporation or continuation; or
 - (ii) the Prescribed Company.

4.1.2 A Prescribed Company whose Qualifying Applicant is a Retail Entity shall not use the registered address of its Qualifying Applicant's retail premises for the purposes of satisfying Article 13 of the Operating Law.

4.1.3 A Corporate Service Provider appointed under Regulation 4.1.1(d) shall consent in writing to such appointment in a format prescribed by the Registrar.

4.1.4 Where the registered office of a Prescribed Company is, pursuant to the provisions of Regulations 4.1.1(a), (b) or (c), the same as that of a Qualifying Applicant or a Registered Person, it or the applicant(s) for its incorporation or continuation shall be required to submit proof to the Registrar that consent to share the premises has been obtained from the Qualifying Applicant or the Registered Person.

4.2 Operation in the DIFC

Article 13(3) of the Operating Law (conducting principal business activity in the DIFC) and Regulation 2.1.4 of the Companies Regulations (establishment of operations in the DIFC) shall not apply to a Prescribed Company.

4.3 Accounting Records

4.3.1 A Prescribed Company shall maintain Accounting Records and prepare accounts as required under the Companies Law.

4.3.2 A Prescribed Company that has a Qualifying Purpose of a Structured Financing shall be exempt from any requirement to file its accounts with the Registrar or have them audited.

4.4 Reporting and disclosure

4.4.1 The Confirmation Statement filed by a Prescribed Company shall:

- (a) comply with the requirements of the Relevant Laws as they apply to a Private Company; and
- (b) confirm that:
 - (i) it continues to be Controlled by one (1) or more Qualifying Applicants; or

- (ii) it continues to serve its Qualifying Purpose,

whichever applies.

4.4.2 Each Director of a Prescribed Company whose Qualifying Purpose is a Structured Financing that does not have an Authorised Firm involved as either an Initiator or a Transaction Party shall file with the Registrar, at incorporation or continuation of the Prescribed Company in the DIFC, additional confirmations stating that, after due and careful enquiry, the Director making the confirmation is satisfied that the Structured Financing of the Prescribed Company is not being used and will not be used, whether in the UAE or elsewhere, to:

- (a) circumvent foreign ownership restrictions;
- (b) change the nationality of a shareholder or interest holder in an entity to avoid foreign investor registration requirements; or
- (c) evade the imposition of any tax or duty as a consequence of the UAE nationality of the Prescribed Company.

4.4.3 The additional confirmations referred to in Regulation 4.4.2 shall be repeated by each Director of such Prescribed Company and filed with the Registrar along with its Confirmation Statement.

4.4.4 Any report, disclosure or confirmation made by a Corporate Service Provider on behalf of a Prescribed Company pursuant to this Regulation 4 shall be done as the Prescribed Company's agent and the Corporate Service Provider may require self-certification of the content by the members of the Prescribed Company's board of directors. The Corporate Service Provider shall not be liable to the Registrar in respect of any such report, disclosure or confirmation where it has acted with due care in ensuring their contents are correct and has not omitted any material facts or circumstances of which the Corporate Service Provider is aware of, or ought reasonably be aware of.

4.4.5 Without limiting the generality of the application of Regulation 3.3.4, the Registrar may revoke any arrangement with a Corporate Service Provider under Regulation 3.3.4 in circumstances where a Corporate Service Provider has acted in contravention of Regulation 4.4.4.

4.5 Revocation of status

4.5.1 If:

- (a) there is a change of Control of a Prescribed Company resulting in it no longer being Controlled by one (1) or more Qualifying Applicants;
- (b) a Prescribed Company undertakes any activities which are not consistent with its Qualifying Purpose; or
- (c) a Prescribed Company otherwise fails to comply with these Regulations,

the Registrar may, after following the Decision-Making Procedures and in the case of a Prescribed Company authorised by the DFSA to provide financial services, notifying the DFSA, revoke its status as a Prescribed Company.

4.5.2 If a Prescribed Company's status is revoked under Regulation 4.5.1, it shall:

- (a) cease to be a Prescribed Company;
- (b) no longer be entitled to the benefit of any exemption or concession (including as to fees) in these Regulations; and
- (c) be required to adhere to all the requirements of the Relevant Laws.

5. FEES

For the purposes of Article 151(2)(h) of the Companies Law, Regulation 9.1 of the Companies Regulations and Regulation 2.3.2 of the Operating Regulations, the fees in respect of matters set out in Appendix 1 of these Regulations shall be paid to the Registrar instead of the fees specified in the Relevant Laws.

**APPENDIX 1
FEES**

Table of fees

Upon receipt by the Registrar of:	Fee (USD)
Application for incorporation of a Prescribed Company	\$100
Application for grant or renewal of a Licence	\$1,000
Lodgement of a Confirmation Statement	\$300
Application to continue incorporation of a Prescribed Company in the DIFC	\$1,000
Application to transfer incorporation of a Prescribed Company from the DIFC	\$1,000