

CIRCULAR NO. 12

DATED 30 SEPTEMBER 2021

RULES AND REGULATIONS REGARDING SINGLE FAMILY OFFICE & MULTI FAMILY OFFICE ACTIVITIES

within Dubai World Trade Centre Authority Free Zone

This circular relates to the Dubai World Trade Centre Authority [DWTCA] Free Zone Rules and Company Regulations dated 1 October 2015 issued pursuant to Law No. 9 of 2015.

With effect from the date of this circular and pursuant to Rule 4.6 of the DWTCA Free Zone Rules and Regulations ('DWTCA Rules') and Clause 134 of the DWTCA Company Regulations ('DWTCA Company Regulations'), it is decided that the following shall apply:

DWTCA shall add a new license category for 'Family Office Management', under which two (2) new activities shall be included - [1] Single Family Office [SFO]; and [2] Multi Family Office [MFO] – detailed hereunder.

1. SINGLE FAMILY OFFICE [SFO]:

1.1. Overview

DWTC SFO is a regular Free Zone Establishment [FZE] or Free Zone Company [FZCO] with a specific license to allow for:

- (i) Management of professional services such as but not limited to wealth, assets, investment, succession, governance, financial and/or legal affairs of a Single Family.
- (ii) Provision of Administrative - compliance, secretarial etc. - and/or concierge services - in so far as these professional and administrative services are rendered strictly to the same family only, where the term 'Family' or 'Single Family' (used interchangeably), shall include any family member(s), family business, family entity, family trust or foundation¹.

1.2. Scope of services

Business activity: The activity on the license shall be 'Single Family Office'

Description: Includes office(s) founded by family member(s) for the provision of services to the same Single Family. Such services may include but not be limited to:

- (i) **Professional services:** Consulting, investment advisory, asset/portfolio management, ESG and CSR management, succession/inheritance advisory, financial - governance - legal advisory and management.
- (ii) **Administrational services:** Compliance and record keeping, administrative/office affairs, secretarial management, concierge services.

It is pertinent to note that SFO entities are strictly prohibited from rendering any of the aforementioned services as a professional offering to any third party or other families, other than the Single Family.

1.3. Terms and conditions

1.3.1. Policy

In order for a company to be formed as a DWTC Single Family Office, the following criteria apply:

- Must be set-up as an independent parent entity – not a branch office;
- Must have an office space (physical presence) in DWTC;
- Proposed 'Entity Name' shall be reserved by DWTCA, and shall be subject to availability and approval - naming convention for a DWTC SFO shall be 'Entity

¹All nouns referenced in the singular context may also refer to plurality of purpose unless specifically referenced otherwise

Name Family Office FZE' or 'Entity Name Family Office FZCO';

- Any and all professional services being undertaken by the entity for provision to the family are required to be rendered by suitably qualified and licensed/certified professionals;
- SFO can choose to manage any/all [or similar] professional and administrative services referenced in scope of services to the family noting that the locations of any Assets under Management [AuM] may be global in so far as they are owned by the SFO company and/or any of the family members;
- Family in the context of a 'Single Family' constitutes an individual or a group of individuals all of whom are lineal descendants of a common ancestor, as long as each descendant is able to legally prove lineage with the common ancestor regardless of his/her nationality;
- For avoidance of doubt, 'Lineal Descendant' shall include individual(s) that are: [1] direct blood line descendant; [2] the legal spouse/s (including those that may be widowed whether or not remarried thereafter, and their legal spouse – i.e. spouse of the spouse of the bloodline descendant noting that this third degree of separation is limited to the marriage being legally active at the time of consideration); and [3] legal children – gender and age neutral (including those adopted as minors, legally adopted step or half children - adult or minor, and children of all adopted children).

1.3.2. Structure and specific restrictions

- Entity structure: All shareholders of the SFO must be members of the family where:
 1. 100% of the SFO shareholding must be held by lineal descendants of the family; and
 2. Consequently 100% Ultimate Beneficial Ownership [UBO] must vest with the family.
- Ownership or sale of shares - SFO is not permitted to sell shares to any third-party non-family member to assure that 100% shareholder structure and UBO requirements are retained within the family – however, transfer of shares within the family is permissible.

- From a control and governance perspective, to allow the family the flexibility to manage the SFO Board with the desired level of professional independence, mandatory minimum Controlling Interest [CI] required to be held by the family shall be 51% where:

1. SFO Board must be at least majority [51%] controlled by the family; and

2. No single non-family board member shall have greater CI than the largest individual family shareholder (i.e. a lineal descendant must retain largest CI).

- SFO may employ non-family members for any/all of the scope of professional and administrative services, so long as any of these services are rendered in strict compliance with the mandatory policy considerations outlined herein.

- SFO may not have a General Manager or Chief Executive [defined as the highest decision-making executive in the operating entity] who is not a family member.

- SFO may act as a conduit for mainland and/or offshore [geography agnostic - UAE or overseas] licensed structures such as Trusts operated by Trustees, or Foundations; and in such instances, can supervise and coordinate all such activities.

- Services under SFO scope strictly not permitted include any 'regulated' activities that are required to be specifically professionally licensed, and are governed by relevant UAE Authorities - e.g. Central Bank, Telecommunications Regulatory Authority, Ministry of Health etc. - noting that such services directly impact consumers outside of the Single Family.

- SFO is limited to providing services, and managing assets or AuM of the Single Family; consequently, an SFO may strictly not, directly or indirectly, provide or manage the provision of such services for other individuals or families whatsoever.

1.3.3. Compliance and reporting standards

Upon commencement of its operations, the SFO must assure the DWTC of compliance with all the

aforementioned structure guidelines and scope restrictions including but not limited to:

- **Client:** Strict provision of permissible 'unregulated' services solely to the Single Family.
- **Client:** No change in the total number of family members being served/served by the SFO, without written notification of such change being reported to DWTCA upon occurrence of such change.
- **Structure:** No material change in legal ownership structure [shareholding and UBO] of the SFO, without the written notification of such change to DWTCA upon occurrence of such change.
- **Scope:** No material change in scope of services undertaken by the SFO, without written notification of such amendments being reported to DWTCA prior to occurrence of such change.
- For aforementioned client or structural change:
 1. All notifications must be received by DWTCA within a maximum of 30-calendar days upon occurrence of the change – for acknowledgement and necessary amendments to the record as may be warranted;
 2. DWTCA will respond to SFO with an official confirmation of receipt within 2-working days of receiving the correspondence; and
 3. DWTCA responses to change notifications will be provided within 5-working days following the 'confirmation of receipt' including the requirement for any further documentation if needed.
- For aforementioned scope change:
 1. All notifications must be received by DWTCA prior to implementing such change;
 2. Explicit written approval of DWTCA permitting such activity, and updating the license [if material enough to warrant such amendments] is required to be completed prior to undertaking the activity;
 3. DWTCA will respond to SFO with an official confirmation of receipt within 2-working days of receiving the correspondence;
 4. DWTCA responses to change notifications seeking any further documentation and/or providing status update on procedural needs will be provided within 5-working days following the 'confirmation of receipt'; and

5. DWTCA will provide formal status update - approval or denial - with regards to requested scope amendments within 2-calendar weeks of receipt of all required documents [step 4 above].

1.3.4. Discretionary Authority

DWTCA reserves the sole and absolute right to:

- (i) Request additional information and/or documents that it deems necessary; and
- (ii) Approve or deny permission on activities that require explicit sanction - at any stage of the application, license issuance or ongoing compliance check process.

2. DWTC MULTI FAMILY OFFICE [MFO]:

2.1. Overview

DWTC MFO is a regular Free Zone Establishment [FZE] or Free Zone Company [FZCO] with a specific license to allow for:

- (i) Management of professional services such as but not limited to wealth, assets, investment, succession, governance, financial and/or legal affairs of Multiple Families and/or SFOs; and
- (ii) Provision of administrative - compliance, secretarial etc. - and/or concierge services - in so far as these professional and administrative services are rendered to multiple families (regardless of existence of a licensed family office structure catering for their needs), where the term 'Client' or Client Families' or 'Multi-Family' or 'Multiple Families' (used interchangeably), and shall include any of the families' member(s), families' business, families' entity, families' trust or foundation, or SFOs².

2.2. Scope of services

Business activity: The activity on the license shall be 'Multi Family Office'

Description: Includes office(s) founded by consultants for the provision of integrated and highly customized services to a limited number of clients - participating as families or family businesses [SFOs].

Such services may include but not be limited to:

- (i) Professional services: consulting, investment advisory, asset/portfolio management, ESG and CSR management, succession/inheritance advisory, financial - governance - legal advisory and management;

²All nouns referenced in the singular context may also refer to plurality of purpose unless specifically referenced otherwise

- (ii) Administrative services: compliance and record keeping, administrative/office affairs, secretarial management, concierge services.

It is pertinent to note that MFO entities may render such activities as professional services to multiple client families and/or SFOs under their management. MFOs are to serve as an alternative to SFO, for families seeking to avoid incremental overheads and responsibility of operationally managing and governing a new business.

2.3. Terms and conditions

2.3.1. Policy

In order for a company to be formed as a DWTC Multi Family Office, the following criteria apply:

- Must be set-up as an independent parent entity – not a branch office;
- Must have an office space (physical presence) in DWTC;
- Proposed 'Entity Name' shall be reserved by DWTC, and shall be subject to availability and approval. Naming convention for a DWTC MFO shall be 'Entity Name Multi Family Office FZE' or 'Entity Name Multi Family Office FZCO';
- Any and all professional services being undertaken by the entity for provision to clients are required to be rendered by suitably qualified and licensed/certified parties/professionals;
- MFO may choose to manage any/all [or similar] professional and administrative services referenced in scope of services for the clients noting that the locations of any Assets under Management [AuM] may be global in so far as they are owned by the Client Families and/or SFOs.

2.3.2. Structure and specific restrictions

- **Entity structure:** Shareholding, UBO, Board-membership, Operating Governance and Compliance Requirements etc. for an MFO will be similar to those stipulated within existing DWTC guidelines for an FZE/FZCO - i.e. an MFO is not required to comply with any incremental requirements.

- **Ownership or sale of shares** - MFO may not:

1. Hold share(s) in any of the family businesses or entities under management, of the clients to which it provides services (subject to points [2] and [3] below);
2. Alter MFO share allocation structured at the time of its incorporation, as it specifically pertains to the shareholding percentage assigned to any of its Client(s);
3. Sell/ transfer/ assign MFO shares post incorporation to any client(s) serviced by it, resulting in the share allocation change prohibited above - to strictly prevent any single client from gaining controlling interest, and thus undesirably be able to influence the management of other clients being serviced by the MFO.

- MFO may seek special exemption from these terms, under extraordinary circumstances, in which case all necessary rationale, and substantive documentation must be provided to DWTC, and DWTC holds sole discretionary powers to grant such exceptional permission.
- MFO may act as a conduit for mainland and/or offshore [geography agnostic - UAE or overseas] licensed structures such as Trusts operated by Trustees, or Foundations; and in such instances, can supervise and coordinate all such activities.
- Services under MFO scope strictly not permitted include any 'regulated' activities that are required to be specifically professionally licensed, and are governed by relevant UAE Authorities - e.g. Central Bank, Telecommunications Regulatory Authority, Ministry of Health etc. - noting that such services directly impact consumers outside of the Client Families.
- MFO is limited to providing services, and Managing Assets or AuM of the clients; consequently, an MFO may strictly not, directly or indirectly, undertake to provide or manage the provision of such services for businesses other than the clients defined herein - definition of which may be modified by DWTC at its discretion from time to time by providing sufficient prior notice of such change.

2.3.3. Compliance and reporting

Upon commencement of its operations, the MFO must assure the DWTC of compliance with all the aforementioned structure guidelines and scope restrictions including but not limited to:

- **Client:** Strict provision of permissible 'unregulated' services solely to the Client Families.
- **Client:** No material change in the total number of Clients being served/serviced by the MFO, without written notification of such change being reported to DWTC upon occurrence of such change.
- **Structure:** No material change in legal ownership structure [shareholding and UBO] of the MFO, without the written notification of such change to DWTC upon occurrence of such change.
- **Scope:** No material change in scope of services undertaken by the MFO, without written notification of such amendments being reported to DWTC prior to occurrence of such change.
- For aforementioned client or structural change:

1. All notifications must be received by DWTC within a maximum of 30-calendar days upon occurrence of the change – for acknowledgement and necessary amendments to the record as may be warranted;
2. DWTC will respond to MFO with an official confirmation of receipt within 2-working days of receiving the correspondence;
3. DWTC responses to change notifications will be provided within 5-working days following the 'confirmation of receipt' including the requirement for any further documentation if needed.

- For aforementioned scope change:

1. All notifications must be received by DWTC prior to implementing such change;

2. Explicit written approval of DWTC permitting such activity, and updating the license [if material enough to warrant such amendments] is required to be completed prior to undertaking the scope;
3. DWTC will respond to MFO with an official confirmation of receipt within 2-working days of receiving the correspondence;
4. DWTC responses to change notifications seeking any further documentation and/or providing status update on procedural needs will be provided within 5-working days following the 'confirmation of receipt';
5. DWTC will provide formal status update - approval or denial - with regards to requested scope amendments within 2-calendar weeks of receipt of all required documents [step 4 above].

2.3.4. Discretionary Authority

DWTC reserves the sole and absolute rights to:

- (i) Request additional information and/or documents that it deems necessary; and
- (ii) Approve or deny permission on activities that require explicit sanction - at any stage of the application, license issuance or ongoing compliance check process.

3. OTHER MISCELLANEOUS:

- (i) Application requirements relating to these two new licenses are attached as Annex A and shall be read and construed as part of this circular.
- (ii) Terms defined in the DWTC Free Zone Rules & Company Regulations shall have the same meaning in this circular.
- (iii) Rule 19 of DWTC Rules and Regulations shall apply to this circular as if set out in full herein.

For further clarification, please contact the DWTC Free Zone Department at: info@dwtauthority.com

For and on behalf of the Authority

H.E. Helal Saeed Salem Saeed Khalfan Almarri

Director General

Dubai World Trade Centre Authority

ANNEX A – APPLICATION REQUIREMENTS APPLICABLE TO SFOs AND MFOs

The following must be submitted via DWTC online portal for the initial approval:

SFO ACTIVITY – ELIGIBILITY		
COPY	DOCUMENTS	REMARKS
✓	Proof of a minimum of AED 500,000 / liquid assets (on account for 12 months)	<ul style="list-style-type: none"> • Letter from a regulated financial institution confirming the same. • Bank statement of accounts (or equivalent).
✓	Proof of the identity and family relationship of the shareholders of the SFO issued by their country of origin (if issued outside of the UAE) shall be attested by the UAE Embassy and/or UAE Foreign Affairs or approved on a case by case basis by DWTC	<p>At least one of the following:</p> <ul style="list-style-type: none"> • Birth and Marriage Certificates: <ul style="list-style-type: none"> ✓ Must be an attested copy. ✓ Must be translated by a sworn translator, if not in English or Arabic. • Family book, if applicable (must be an attested copy). • A sworn written affidavit/statement from the family lawyer in the country of origin of the Single Family: <ul style="list-style-type: none"> ✓ Must be an original copy confirming that the family members served by the SFO constitute a Single Family as per the DWTC definition. • Attested passport copies of family members: <ul style="list-style-type: none"> ✓ Acceptable only if the applicant is a single generation family and if the name (the same family name) clearly identifies the relation.
✓	SFO undertaking letter signed by the Applicant(s)	<ul style="list-style-type: none"> • DWTC form to be completed.
✓	SFO questionnaire to be filled in, signed by the applicant(s), and required documents to be attached	<ul style="list-style-type: none"> • DWTC form to be completed. • Must include proposed shareholders and board members.
✓	Business plan signed by the applicant(s)	<p>Must contain:</p> <ul style="list-style-type: none"> • The number of family members the SFO will provide assistance to. • An overview of the family businesses, trusts, and assets. • Description of the services that will be provided by the SFO.
✓	Statement Declaration as to whether the SFO clients are Politically Exposed Persons (PEPs)	<ul style="list-style-type: none"> • DWTC Authority's discretion to ask for any further documents related to PEPs. • PEPs Declaration is required for any new shareholders.

MFO ACTIVITY – ELIGIBILITY

COPY	DOCUMENTS	REMARKS
✓	Proof of family offices/family business that it wishes to service	<ul style="list-style-type: none"> DWTC Authority's discretion to ask for any further documents.
✓	Statement Declaration as to whether the MFO clients are Politically Exposed Persons (PEPs)	<ul style="list-style-type: none"> DWTC Authority's discretion to ask for any further documents related to PEPs. PEPs Declaration is required for any new shareholders.
✓	Business plan signed by the applicant(s)	<p>Must contain:</p> <ul style="list-style-type: none"> The number of family offices the MFO will provide assistance to. An overview of the family businesses, trusts, and assets. Description of the services that will be provided by the MFO.

Upon confirmation that the application is qualified for an SFO or MFO license, the application will be considered as a new application to incorporate a new entity via the online portal, and therefore, the applicant will be required to follow the standard DWTC entity incorporation process.

Upon completion of all requirements, SFO or MFO shall:

- be registered in the Company Register of DWTC Authority;
- have a Certificate of Incorporation;
- have a Memorandum & Articles of Association;
- have an E-License, reflecting the name and SFO / MFO activity;
- have office space in DWTC leased by the SFO / MFO.