

## Proposed enhancements to DIFC's company regulations

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In a move that underscores the Dubai International Financial Centre's (DIFC) commitment to regulatory evolution and market responsiveness, the centre has announced its intention to substantially revise the prescribed company (PC) regulations.

This announcement, made on 9 May 2024, by Jacques Visser, Chief Legal Officer of the DIFC authority, marks a pivotal development in the landscape of corporate structuring within the Middle East, Africa, and South Asia (MEASA) region.

Introduced in 2019 and subsequently updated, the PC regulations have served as a cornerstone for businesses seeking to leverage the DIFC's robust legal framework for structuring purposes. Despite prior amendments aimed at widening the regime's applicability, market demand for more inclusive and flexible holding company vehicles has persisted. This feedback loop between the DIFC and its stakeholders reflects the centre's proactive approach to fostering a conducive business environment.

### | A closer look at the proposed enhancements

The proposed changes aim to significantly broaden the eligibility criteria for establishing a PC, thereby democratising access to this versatile corporate vehicle. Under the new framework, PCs can be established by a wider array of applicants, including gulf cooperation council (GCC) citizens or entities controlled by them, authorised firms, or DIFC registered persons, with the latter excluding other PCs or non-profit incorporated organisations (NPIOs).

Importantly, the amendments seek to streamline the establishment process for PCs, especially those engaged in holding legal titles to, or controlling, GCC registrable assets, or those established for a qualifying purpose. This strategic shift is anticipated to attract a broader spectrum of investors and businesses, by eliminating the need for a local corporate service provider (in circumstances where the applicant has alternative means of providing a registered

address in the DIFC) and relaxing the requirements for local management or board representation.

## Ensuring regulatory integrity and substance

In the wake of the UAE's corporate tax introduction, the DIFC has carefully considered the balance between facilitating access to strategic structuring vehicles and maintaining a jurisdiction of substance.

The proposed regulations underscore this balance by stipulating that PCs should serve exclusively as holding company vehicles or for their qualifying purpose, explicitly precluding them from operational employment and hiring employees. This measure ensures that PCs remain true to their intended function, reinforcing the DIFC's reputation as a jurisdiction of substance and integrity.

## Looking ahead

As the DIFC moves forward with these proposed changes, the implications for the regional and global business landscape are noteworthy. This expansion not only enhances Dubai's attractiveness as a premier financial hub, but also aligns with broader trends of regulatory adaptation and market inclusivity. For stakeholders within the DIFC and the wider MEASA region, these developments signal a forward-thinking approach to corporate structuring and investment facilitation.

The DIFC authority's openness to public consultation on the proposed regulations, with feedback accepted until 1 June 2024, exemplifies its collaborative governance model. As a leading legal and corporate services firm, Ogier Dubai remains attuned to these regulatory changes, ready to assist our clients in navigating the evolving legal landscape and leveraging the enhanced PC regime for their structuring needs.

In conclusion, the DIFC's proposed enhancements to the PC regulations represent a significant step forward in its aim to provide a responsive and inclusive legal framework for businesses and investors. This development reaffirms the centre's position as a dynamic and progressive financial hub, responsive to the needs of its community.

For more insights on this topic, further details can be found in the [DIFC's consultation paper](#).

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## Meet the Author



Daniel Pacic

Managing Director

Dubai

E: [daniel.pacic@ogier.com](mailto:daniel.pacic@ogier.com)

T: [+971 4 450 1902](tel:+97144501902)

## Key Contacts



Praveer Pinto

Client Director

Dubai

E: [praveer.pinto@ogier.com](mailto:praveer.pinto@ogier.com)

T: [+971 4 450 1903](tel:+97144501903)



Kirtee Gunness

Manager

Dubai

E: [kirtee.gunness@ogier.com](mailto:kirtee.gunness@ogier.com)

T: +971 4 450 1906

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