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**COLLECTIVE INVESTMENT LAW  
AMENDMENT LAW**

**DIFC LAW No. 9 of 2018**

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## **PART 1: GENERAL**

### **1. Title**

This Law may be cited as the “Collective Investment Law Amendment Law 2018”.

### **2. Legislative Authority**

This Law is made by the Ruler of Dubai.

### **3. Date of enactment**

This Law is enacted on the date specified in the Enactment Notice in respect of this Law.

### **4. Commencement**

This Law comes into force on the date specified in the Enactment Notice in respect of this Law.

## **PART 2: AMENDMENTS TO THE COLLECTIVE INVESTMENT LAW 2010**

5. The Collective Investment Law 2010 shall be amended as prescribed in this Law.

6. Article 16 is replaced as follows:

“(1) A Domestic Fund shall be constituted as a Public Fund if:

- (a) some or all of its Units are offered to investors by way of a public offer; or
- (b) its Unitholders include, or may include, Retail Clients.

(2) A Domestic Fund may be constituted either as an Exempt Fund or as a Qualified Investor Fund but only if that Fund satisfies all of the conditions in Article 16(4) or (5) as applicable.

(3) [Not used]

(4) A Domestic Fund is an Exempt Fund, subject only to Article 16(6), if:

- (a) its Units are offered to persons only by way of a Private Placement;
- (b) all its Unitholders are persons who meet the criteria to be classified as Professional Clients; and
- (c) the initial subscription to be paid by a person to become a Unitholder is at least US\$50,000;

and it does not satisfy the conditions in Article 16(5) to be a Qualified Investor Fund.

(5) A Domestic Fund is a Qualified Investor Fund, subject only to Article 16(6), if:

- (a) its Units are offered to persons only by way of a Private Placement;

- (b) all its Unitholders are persons who meet the criteria to be classified as Professional Clients; and
  - (c) the initial subscription to be paid by a person to become a Unitholder is at least US\$500,000.
- (6) A Domestic Fund does not cease to be an Exempt Fund or a Qualified Investor Fund under Article 16(4) or (5) merely because one or more Units in that Fund is registered in the name of a person who does not meet the criteria to be a Unitholder of that particular type of Fund as a result of:
- (a) inheritance from a registered Unitholder of the Fund; or
  - (b) any legal action brought for or against a registered Unitholder.
- (7) The DFSA shall, by Rules, prescribe:
- (a) the relevant criteria for a person to be classified as a Retail Client or a Professional Client; and
  - (b) any other requirements or matters which the DFSA considers necessary to give effect to the requirements or intent of the provisions in this chapter.”

**7.** After Article 18, insert the following Article 18A as follows:

“18A. Definitions of Open-ended and Closed-ended Fund

- (1) In this Law, an Open-ended Fund and a Closed-ended Fund have the meanings given in (2) and (3).
- (2) An Open-ended Fund means a Fund where investors have a right (generally, on request, or at a specified frequency) to have their Units redeemed or repurchased at a value calculated based on the net asset value of the Fund Property.
- (3) A Closed-ended Fund means a Fund where investors have no right of redemption or repurchase of their Units.”

**8.** Article 20(1) is replaced as follows:

“(1) A person shall not manage a Domestic Fund unless:

- (a) that person:
  - (i) is a body corporate;
  - (ii) is an Authorised Firm whose Licence authorises it to act as the Fund Manager of the particular type or specialist class of the Fund; and
  - (iii) meets any additional criteria, requirements or conditions that may be prescribed in the Rules;
 or
- (b) the person is an External Fund Manager.”

9. In Article 20(5)(c), “(iii)” is replaced with “(ii)”.
10. Article 26 is replaced as follows:
- “(1) Every Domestic Fund shall be one of the following:
- (a) an Investment Company;
  - (b) an Investment Partnership; or
  - (c) an Investment Trust.
- (2) In Article 26(1)(a), an Investment Company includes a Protected Cell Company.
- (3) The DFSA may, by Rules, prescribe:
- (a) which of the forms referred to in Article 26(1) may be used by a specialist class of Domestic Funds; and
  - (b) any additional criteria, requirements or conditions applicable to such a Fund.
- (4) A Person shall not use a form referred to in Article 26(1)(a), (b) or (c) for a purpose other than the main purpose of carrying on the business of a Fund.
- (5) A Person may only register an Investment Company as a Public Company under the DIFC Companies Law if the company is or is intended to be a Public Fund. In all other cases, a Person shall register an Investment Company as a Private Company.”
11. In Article 34(1), a full stop is added at the end of the paragraph.
12. Article 54(1)(c) is replaced as follows:
- “(c) the Foreign Fund is a type of Fund that:
- (i) has its Units offered to persons only by way of a private placement;
  - (ii) has its Units offered to persons who meet the criteria to be classified as Professional Clients; and
  - (iii) requires an initial subscription of at least US\$50,000 to be paid by a person to become a Unitholder in the Fund.”
13. In Defined Terms of Schedule 1, insert the following new defined terms:

Terms	Definitions
Closed-ended Fund	Has the meaning given in Article 18A(3).
Open-ended Fund	Has the meaning given in Article 18A(2).

14. In Defined Terms of Schedule 1, the following definitions are replaced as follows:

Terms	Definitions
Investment Company	an Open or Closed ended company established for the main purpose of collective investment which is incorporated under the DIFC Companies Law and the Regulations made under that Law.
Investment Partnership	a limited partnership established for the main purpose of collective investment which is formed and registered under the DIFC Limited Partnership Law.
Investment Trust	a trust created under the DIFC Investment Trust Law for the main purpose of collective investment.
Protected Cell Company	has the meaning given in the DIFC Companies Law or Regulations made for the purposes of that law.

15. In Articles 18(2)(b), 27(1)(f), 34(1), 37(1),(4) and (5), 54(2)(iii) and the title of Chapter 5 replace “closed-ended” with “Closed-ended” and “open-ended” with “Open-ended”.