Joint Announcement

ESCA, ADGM AND DFSA Launch Fund Passporting Legislation Enabling UAE-Wide Promotion of Investment Funds

Abu Dhabi, UAE, 11 March 2019: The Emirates Securities and Commodities Authority (ESCA), the Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM) and the Dubai Financial Services Authority (DFSA) announced today that, following the enactment of relevant legislation and rules, a new fund passporting facility is available. This passporting facility, which has been the subject of extensive public consultation since November 2018, will facilitate the promotion of the funds licensed by each authority across the United Arab Emirates (UAE).

His Excellency Sultan bin Saeed Al Mansouri, Minister of Economy and Chairman of the Board of Directors of the Emirates Securities and Commodities Authority (ESCA) stated that the ESCA has endeavoured to develop the Financial Services Sector and support the long-term economic growth of the UAE. The start of implementing the recently signed Passporting Agreement as a regulatory mechanism for the mutual promotion and oversight of investment funds established in the different jurisdictions within the UAE is an important step to inspire the development of the mutual funds' market so as to achieve the goal of having more diversified investment opportunities and products.

His Excellency noted that the implementation of the Passporting Agreement will enhance the UAE's position as an international financial centre and a platform for entrepreneurship. This cooperation will allow new market leaders, investors and companies to expand and grow in the UAE markets, which supports the ESCA efforts and initiatives in providing the appropriate climate for the investment of savings and funds in securities in line with the objectives of the UAE economic development process.

On his part, Dr. Obaid Saif Al Zaabi, Chief Executive Officer of the ESCA pointed out that the signing of the Agreement by the three regulators in November, last year, was clearly demonstrated in facilitating the promotion of investment funds in the UAE, which in turn helps in attracting more foreign investment and in providing more options for channeling savings to new financial instruments such as mutual funds. He mentioned that once the passporting agreement implementation phase completed, all parties will witness an increasing momentum on the group of financial services and activities related to investment funds such as Custodies, Investment Management, Promotion.

H.E. Ahmed Ali Al Sayegh, Minister of State (UAE) and Chairman of ADGM said: “There has been an accelerating demand and appetite for a greater variety of domestic funds in
the UAE by the investment community. The new passporting regime enables investors to access growth opportunities with greater ease and efficiency. It will also bolster the UAE’s economic diversification strategy and attract more foreign direct investments and new investors and institutions to participate and support the growth of our economy and the development of the region.”

Mr Saeb Eigner, Chairman of the DFSA said: “We strive to maintain an environment that fosters collaboration with other UAE regulators. The DFSA remains committed to supporting the development of the financial services sector and fostering the UAE’s economic growth by encouraging the development of the domestic funds market. We are keen to support the creation of a stronger and more diversified financial market through an adaptive and robust regulatory framework. This move enforces our alignment with the UAE leadership vision to transform the country into a global financial hub for international investment."

Mr Richard Teng, Chief Executive Officer, FSRA of ADGM said: “The UAE funds market is on the cusp of exponential growth and the new funds passporting regime will stimulate the development of the domestic investment funds industry with a broader variety of funds and enable funds to be supported across the UAE. With the closer cooperation with our regulatory partners, we are able to share pertinent regulatory information and supervisory updates to support licensing of domestic funds.”

Mr Bryan Stirewalt, Chief Executive of the DFSA said: “We are confident that agreeing this facilitative regime, and enacting its relevant legislation and rules, will not only complement our existing regime for domestic funds but will also support the growth of the UAE funds market in general. We have made amendments to the DFSA Rulebook to reflect our joint agreement with peer UAE regulators following the conclusion of the consultation period.”

The new funds passporting rules and regulations are publicly available and uploaded on the Authorities’ respective websites.

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About the Emirates Securities and Commodities Authority
The Emirates Securities and Commodities Authority (ESCA) in the United Arab Emirates was established under Article 2 of the Federal Law No. 4 of 2000 concerning the Emirates Securities & Commodities and Market to regulate the securities and commodities markets in United Arab Emirates. Its primary role is to ensure the orderly development of a fair and efficient securities and commodities market in line with the economic and development objectives of the country. The main functions of the Emirates Securities
and Commodities Authority include supervising and monitoring the activities of any exchange, clearing house and central depository, safeguarding the interests of the persons dealing in securities; promoting proper conduct amongst members of the exchanges and all registered persons; suggesting law reforms relating to securities or commodities contracts and encouraging the development of the securities in United Arab Emirates.

For more information, please, refer to the ESCA website, www.sca.gov.ae.

About Abu Dhabi Global Market
Abu Dhabi Global Market (ADGM), an international financial centre (IFC) located in the capital city of the United Arab Emirates, opened for business on 21 October 2015. Established by a UAE Federal Decree as a broad-based financial centre, ADGM augments Abu Dhabi’s position as a global hub for business and finance and serves as a strategic link between the growing economies of the Middle East, Africa and South Asia and the rest of the world.

ADGM’s strategy is anchored by Abu Dhabi’s key strengths including private banking, wealth management, asset management and financial innovation. Comprising three independent authorities: ADGM Courts, the Financial Services Regulatory Authority and the Registration Authority, ADGM as an IFC governs Al Maryah Island which is a designated financial free zone. It enables registered financial institutions, companies and entities to operate, innovate and succeed within an international regulatory framework based on Common Law.

Since its inception, ADGM has been awarded the “Financial Centre of the Year (MENA)” for three consecutive years for its initiatives and contributions to the financial and capital markets industry in the region.* For more details of ADGM, please visit www.adgm.com or follow us on Twitter : @adglobalmarket and Linkedin : ADGM

* Source : The Global Investor Middle East and North Africa (MENA) Awards

About Dubai Financial Services Authority (DFSA)
The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free-zone in Dubai. The DIFC is one of the world’s most advanced financial centres, and the leading financial hub for the Middle East, Africa and South Asia (MEASA). With a 15-year track record of facilitating trade and investment flows across the MEASA region, the Centre connects these fast-growing markets with the economies of Asia, Europe and the Americas through Dubai. The DFSA’s regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange. In addition to regulating financial and ancillary services, the DFSA is
responsible for administering Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) legislation that applies in the DIFC. Please refer to the DFSA’s website for more information.