



SPECIAL PURPOSE VEHICLES IN ADGM

REGISTRATION AUTHORITY

ADGM's SPV regime caters to a broad range of business types, uses and industry sectors. These include corporates, sovereign wealth funds, subsidiary undertaking of a body corporate that is incorporated by federal law or by a law of any Emirate in the UAE, ADGM single family offices, trustees and individual investors.

Introduction to ADGM SPVs

THE ROLE OF SPVs

SPVs are corporate vehicles, typically private companies, established for the purpose of isolating financial and legal risk by ring-fencing assets and liabilities. SPVs can be established as subsidiaries, project or joint venture vehicles to ensure that only those assets linked to a related transaction are exposed to the liabilities associated with that transaction. As the key feature of an SPV is its separate legal personality, claims by the SPV's creditors cannot be attached to the assets of the SPV's shareholders or any of its sister companies.

The ADGM SPV regime has been designed to be flexible, robust, simple and efficient. It offers a quick, easy-to-use and **fully digital registration process**. Its **straightforward ongoing reporting requirements** and a cost-effective and transparent fee structure makes ADGM a preferred jurisdiction choice for those with SPV requirements and a nexus to the UAE and region. ADGM's SPV incorporation process is highly competitive both in terms of process and fees, with a **fast turnaround time**. ADGM allows the use of an ADGM company service provider to manage the SPV and to provide the registered

office address. As a result an ADGM SPV may benefit from the use of a registered office address provided by company service provider.

ADGM practices a **thorough yet efficient due diligence process** whilst valuing transparency for clients that meet certain criteria, ADGM also provides the option of the discreet 'Restricted Scope Company' SPV where public disclosure is limited. This is subject to the Registrar's approval.

ADGM offers a platform from which to fulfil narrow, specific or temporary corporate objectives. ADGM SPVs are organised to the ADGM Companies Regulations 2015. This offers consistency across ADGM's corporate vehicles. SPVs are granted a commercial licence specifying that the company is undertaking Special Purpose Vehicle activities.

Why ADGM for SPVs?

- ✓ COMMON LAW JURISDICTION
- ✓ INDEPENDENT ADGM COURTS
- ✓ BEST-IN-CLASS INDEPENDENT REGULATORY FRAMEWORK
- ✓ ACCESS TO BROAD UAE DOUBLE TAX TREATY NETWORK
- ✓ VARIETY OF LEGAL STRUCTURES AVAILABLE TO SET UP
- ✓ REGISTERED AGENT MEETS OFFICE REQUIREMENT
- ✓ QUICK AND EASY, FULLY DIGITAL REGISTRATION PROCESS
- ✓ NO ATTESTATION REQUIRED FOR CORPORATE DOCUMENTS

1st time in the Middle East

*Common law of England and Wales on civil and commercial matters directly applicable

Key Highlights of ADGM SPV Regime

REGISTERED OFFICE ADDRESS

ADGM SPVs must have a registered office address on Al Maryah Island at all times which can be obtained in 3 ways:

1. An appointed company service provider may offer the use of their ADGM office address as the registered office address of the SPV.
2. An existing ADGM entity with a physical office space in ADGM can use its address for all of its SPV subsidiaries.
3. Establish a new ADGM holding company and use this new company's ADGM address for all of its SPV subsidiaries.

MIGRATION OR CONTINUANCE OF EXISTING CORPORATE ENTITIES

ADGM Companies Regulations detailed provisions for the re-domicile of companies to ADGM from other jurisdictions. A company which is incorporated outside ADGM may apply under section 102 (application to Registrar for continuance within ADGM) for the issuance of a certificate confirming that it continues as a company registered pursuant to ADGM Companies Regulations. The company must be authorised to make such an application by the laws of the jurisdiction under which it is currently incorporated.

CAN MY COMPANY MIGRATE INTO ADGM?

If you are interested in migrating your company into ADGM, you should first verify with the relevant agencies whether your current jurisdiction allows for outbound migration. Traditional jurisdictions which permit continuance into another jurisdiction include: BVI, Cayman Islands, Jersey and Guernsey, amongst others.

ADGM SPV Types

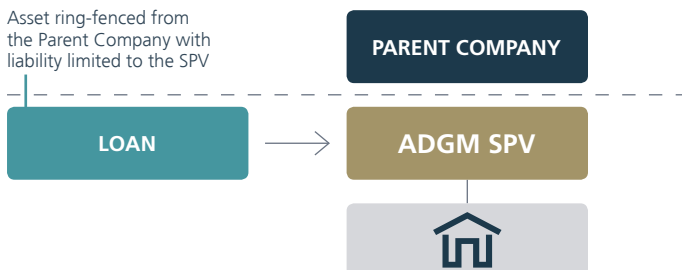
The ADGM Companies Regulations framework provides the following types:

TYPE	USES
Private Company (Limited by Shares) – LTD	<ol style="list-style-type: none"> 1. Standard private limited company 2. Passive holding company
Restricted Scope Company – RSC	<p>A unique ADGM SPV offering limited information disclosure on the public register but full disclosure to the ADGM Registrar</p> <p>RSCs may be incorporated as the following:</p> <ol style="list-style-type: none"> 1. A subsidiary of a group which publicly files consolidated accounts 2. A subsidiary of a company formed by Emiri decree 3. A subsidiary of a Single Family Office

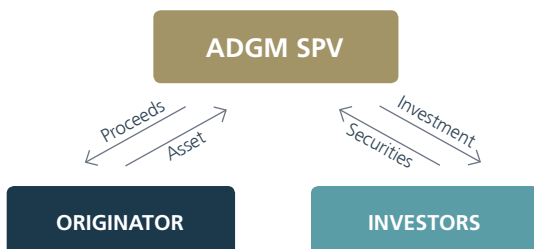
Typical Uses for SPVs

SECURITISATION	Can be used by an originating party to securitise loans (or other receivables) by creating an SPV which purchases these assets by issuing debt, secured on these underlying assets. This ensures that the holders of the asset-backed securities have first priority right to receive payments on the debt while limiting recourse to the originator of the assets.
REAL ESTATE INVESTMENT	Can be used to acquire title to real property and limit recourse of mortgage lenders depending on the location of the asset. In some jurisdictions the sale of the SPV's shares can result in lower taxes and transaction fees when compared to transferring the asset.
FINANCING	Can be used to ring-fence investments, permitting financing without increasing debt levels for the parent company or exposing the parent's assets (or SPV's assets) to cross-liabilities.
ASSET TRANSFER	Can be used to transfer assets along with associated material agreements which may permit the transfer of all or part of ownership of the enterprise while keeping intact material agreements which may be necessary to maintain the value of the asset.
RISK SHARING	Can be used to form project companies for joint ventures, reflecting agreed management responsibility while legally isolating joint venture partners from risks associated with the venture.
RAISING CAPITAL	Can be used to raise capital at favourable rates in certain situations, with credit worthiness determined by the available collateral of the SPV, rather than the credit rating of the parent company.
INTELLECTUAL PROPERTY	Can be used to separate valuable IP into a standalone SPV which has minimal liabilities and can be used to raise funds and enter into license agreements with third parties. Also a useful tool to manage products with a variety of IP components.

EXAMPLE 1 – ADGM SPV ASSET RING-FENCING STRUCTURE



EXAMPLE 2 – ADGM SPV SECURITISATION STRUCTURE



Setting up an SPV in ADGM

The entire application and fee payments are fully digital and can be completed through ADGM's online registry solution www.registration.adgm.com. There are no requirements for personal visits to ADGM during the setup process or for the delivery of original hard copies of any documents.

PRE-APPROVAL AND APPLICATION

Submit a brief business plan including structure, shareholders and purpose and provide application documentation to the Registrar via the online registry solution www.registration.adgm.com



COMPLETION

Provided all information is accurately submitted, the process can be completed within a few days

SPV Application Documentation Requirements

DOCUMENT	FORM
Articles of Association	Either (1) model articles [available on ADGM website], (2) model articles with amendments or (3) bespoke
Registered office address	Copy of lease agreement, or signed consent letter for provision of registered office address
Resolution of Board of Directors or Shareholders	Copy
Passport information and signature page for each Authorised Signatory, Director, Shareholder, and Beneficial Owner	Copy
UAE visa page in passport for each Authorised Signatory (for UAE residents)	Copy
Emirates ID for UAE national Authorised Signatories	Copy
Certificate of Incorporation / Registration for each Director and Shareholder that is a body corporate	Certified copy (certified within the last three months)

SPV Fees*

FEE TYPE	INITIAL (USD)	ONGOING ANNUAL (USD)
Name reservation	200	
Incorporation application	400	
Commercial licence	1,000	
Data protection		100
Renewal of licence		1,000
Annual return		100
TOTAL	1,600	1,200

* Fees may be subject to change

SPV Disclosure Requirements

DOCUMENT	LTD	RSC
Full disclosure to ADGM Registrar	Yes	Yes
Publicly accessible records of Directors	Yes	No
Publicly accessible records of Shareholders	Yes	No
Beneficial ownership publicly disclosed	No	No
Annual return requirement	Yes	Yes
Minimum natural person director requirement	1	1
Filing of accounts	Yes	No
Audit requirement	*No	No

* SPVs qualify for the small companies regime and hence are ordinarily exempted from audit, except if requested by a member.

Why ADGM?

WORLD CLASS INSTITUTIONS AND ADVISORS

- Access to a strong ecosystem of finance, services and talent
- Home to the world's leading professional advisory firms

LEGAL AND REGULATORY

- Common law directly applied an independent jurisdiction with its own civil and commercial laws
- Common law directly applied providing high levels of legal certainty
- Independent ADGM Courts
- Use of standard form transactional documentation for increased efficiency

TAX ENVIRONMENT

- ADGM is a tax friendly environment, with 0% direct tax
- No withholding of taxes
- No restrictions on repatriation of profits
- Access to and extensive and growing number of Double Tax Treaties

EFFICIENT PROCESS AND PROCEDURES

- Fully digital application process

INFRASTRUCTURE

- Grade 'A' offices and modern infrastructure
- Global connectivity through world-class airlines
- Leading hotels, healthcare and lifestyle amenities

ABU DHABI QUICK FACTS



Accounts for 2/3 of the approx **\$400 BN** economy of UAE



Per capita GDP of **\$76,000**



Average GDP growth of **11% p.a.** since 2005



Owens 9% of the **world's proven oil reserves**



Owens 5% of the **world's gas reserves**



Stable inflation rate of **3.2%**



More than half of GDP from **non-oil & gas sectors**

ADGM – Award Winning International Centre

Abu Dhabi Global Market, an international financial centre in the capital of the United Arab Emirates, fully opened for business on 21st October 2015. A financial free zone, ADGM is an independent jurisdiction encompassing the entire 114 hectares (1.14 sq km) of Al Maryah Island with rules and regulations aligned with international best practice. ADGM's three independent Authorities (Registration Authority, Financial Services Regulatory Authority and the ADGM Courts) provide a holistic environment enabling registered companies to conduct business and operate with confidence.



HURIYA PRIVATE

Al Maryah Island Skyline

Require more information?

The Business Development team will provide further information and discuss your business needs and concerns in greater detail. We will strive to help you make informed decisions that will benefit your business growth ambitions.

While the ADGM Registration Authority (RA) makes every effort to ensure the accuracy and completeness of the information in this material, the RA cannot be held liable for any error or omission. These materials are not intended to be a comprehensive study of the subject matter discussed herein and should be read in conjunction with the relevant ADGM and RA Regulations and Rules, which may change over time. These materials are not to be considered or relied upon as financial and/or legal advice and should not be treated as a substitute for specific advice concerning individual situations obtained from your own financial and/or legal advisers.

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