



**SET UP OF OPERATING A PRIVATE
FINANCING PLATFORM IN THE ABU DHABI
GLOBAL MARKET**

This brief will list down the following:

- Set up requirements of operating a Private Financing Platform.
- Stages and Process.
- Cost.

*The information contained in this document is for information purposes only and should not be construed as legal advice. Moreover, the details are subject to change once we understand what your structure and investments entail. The requirements and costs mentioned may change at the discretion of the Financial Service Regulatory Authority (“**FSRA**”) and the Registrar of Companies (the “**ROC**”).*

REQUIREMENTS

SUBJECT	DESCRIPTION
Structure of Company	Private Company Limited by Shares.
Regulatory Status	Regulated by the Financial Service Regulatory Authority (the “ FSRA ”) as a category 4 to operate a Private Financing Platform.
Definition	<p>A Private Financing Platform (PFP) allows:</p> <ul style="list-style-type: none"> • Introduction of private lenders to private borrowers; • Introduction of private investors to private issuers (of e.g. shares); • Introduction of private trade finance lenders to private trading companies; and • Facilitation of the above mentioned activities via e.g. intermediary investment vehicle etc. <p>The payments for the transactions concluded on a PFP can be processed by the PFP if its Operator is allowed to hold Client Money.</p> <p>A PFP is an online (electronic) platform that allow private companies, such as start ups and small and medium enterprises (“SMEs”) from early to pre IPO stage, to source financing from private and institutional investors to launch and scale their businesses.</p> <p>PFPs may include equity funding, private placement and invoice financing platforms that leverage data and technology to unlock new ways of raising money for small businesses from professional investors such as high net worth individuals, private equity, venture capital, family offices, accelerators / incubators and angel investors.</p> <p>Only corporate bodies (and not individuals) are allowed to seek financing through PFP The Operator of a PFP provides the following:</p> <ul style="list-style-type: none"> • Information about the companies seeking funding (as a result of due diligence carried by the Operator); • Follow up on repayments and facilitation of repayments from those companies to investors/ lenders (but not being a collector); • Structuring investments via an SPV to facilitate the transaction; and • If allowed to hold Client Money, processing payments from the investors/lenders to companies and later repayment back.

SUBJECT	DESCRIPTION
FSRA Capital Requirements	<p>Regulatory capital must be maintained in entity's bank account at all times. Regulatory capital is the higher of:</p> <ul style="list-style-type: none"> • If not holding client money (payments outside the platform): <ul style="list-style-type: none"> • Base capital requirement USD 10,000; or • Expenditure based capital requirement of 6 / 52 of annual operating expenditure. • If holding client money (payments through the platform): <ul style="list-style-type: none"> • Base capital requirement USD 150,000; or • Expenditure based capital requirement of 18 / 52 of annual operating expenditure. <p>Additional capital requirements may be imposed by the Regulator upon review of the application.</p> <p>Share capital must be paid up upon incorporation and can be used later to pay for expenses (except the regulatory capital part).</p>
Mandatory Appointments	<ul style="list-style-type: none"> • At least two directors; • Compliance/MLRO; • Chief Finance Officer (CFO); • Risk officer (RO); • Senior Executive Officer; and • Auditors. <p>The MLRO, CO and SEO must be a UAE resident. Functions of the MLRO and CO can be combined and outsourced.</p> <p>The role of RO can be merged with CFO subject to the approval of the FSRA.</p>

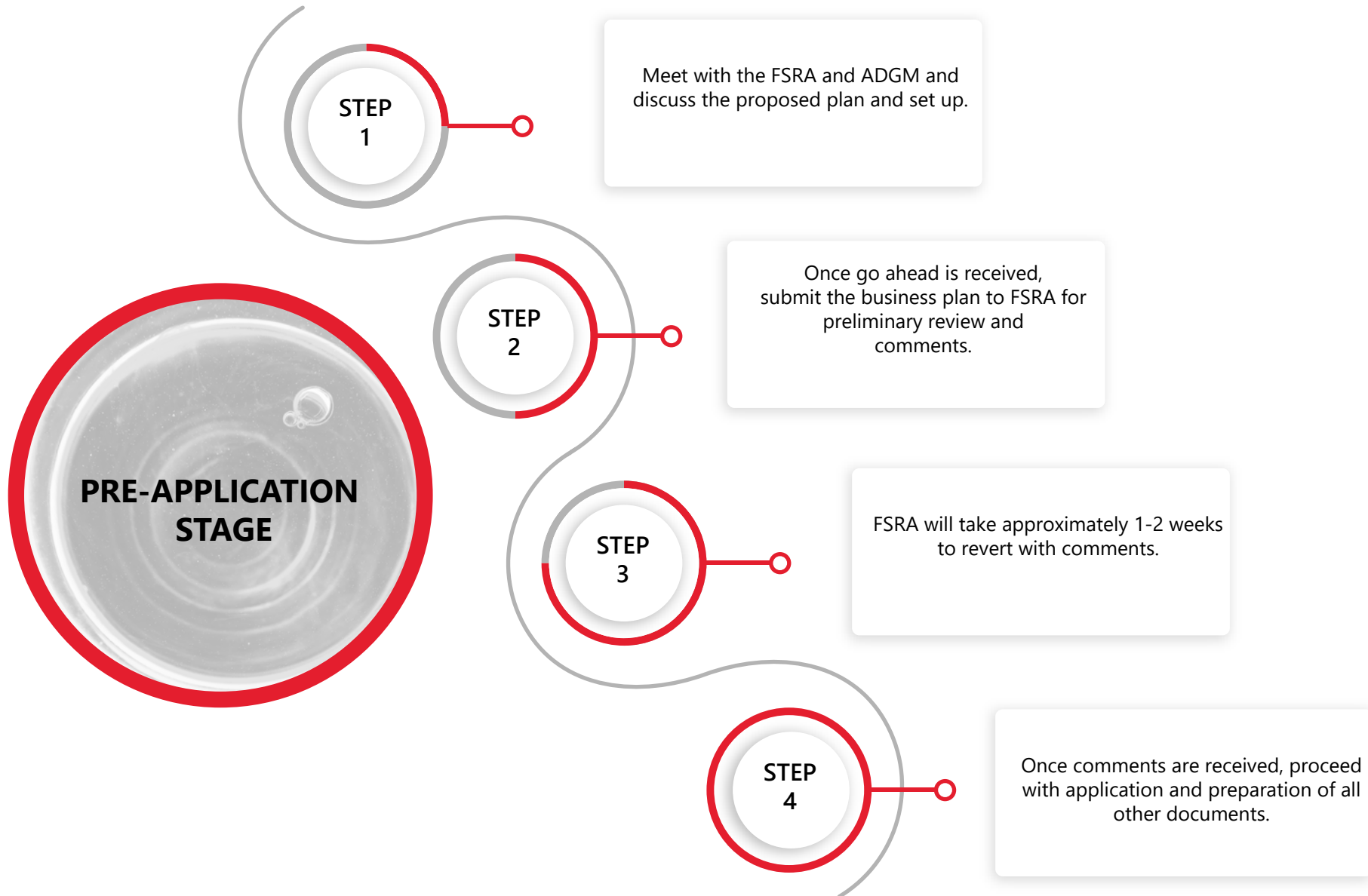
SUBJECT	DESCRIPTION
Required Documents and Information	<ul style="list-style-type: none"> • AUT Form; • Target assets under management; • Geographical spread of the investors; • Manuals and Policies (Compliance Manual, Compliance Monitoring Programme, Anti-Money Laundering Manual, Business Continuity Plan and Risk Manual); • Evidence of source of funds for start-up which will be used to provide the authorised firm's initial capital resources (FSRA usually requires details of how the money sources for the authorised firm has been generated, e.g. a bank reference); • Authorised Persons Form (AUT Forms for mandatory appointments and key persons); • Board minutes approving the establishment of the authorised firm; and • Resumes/CV of shareholders and board members.
Internal Audit Function	Required.
Professional indemnity Insurance	Required.

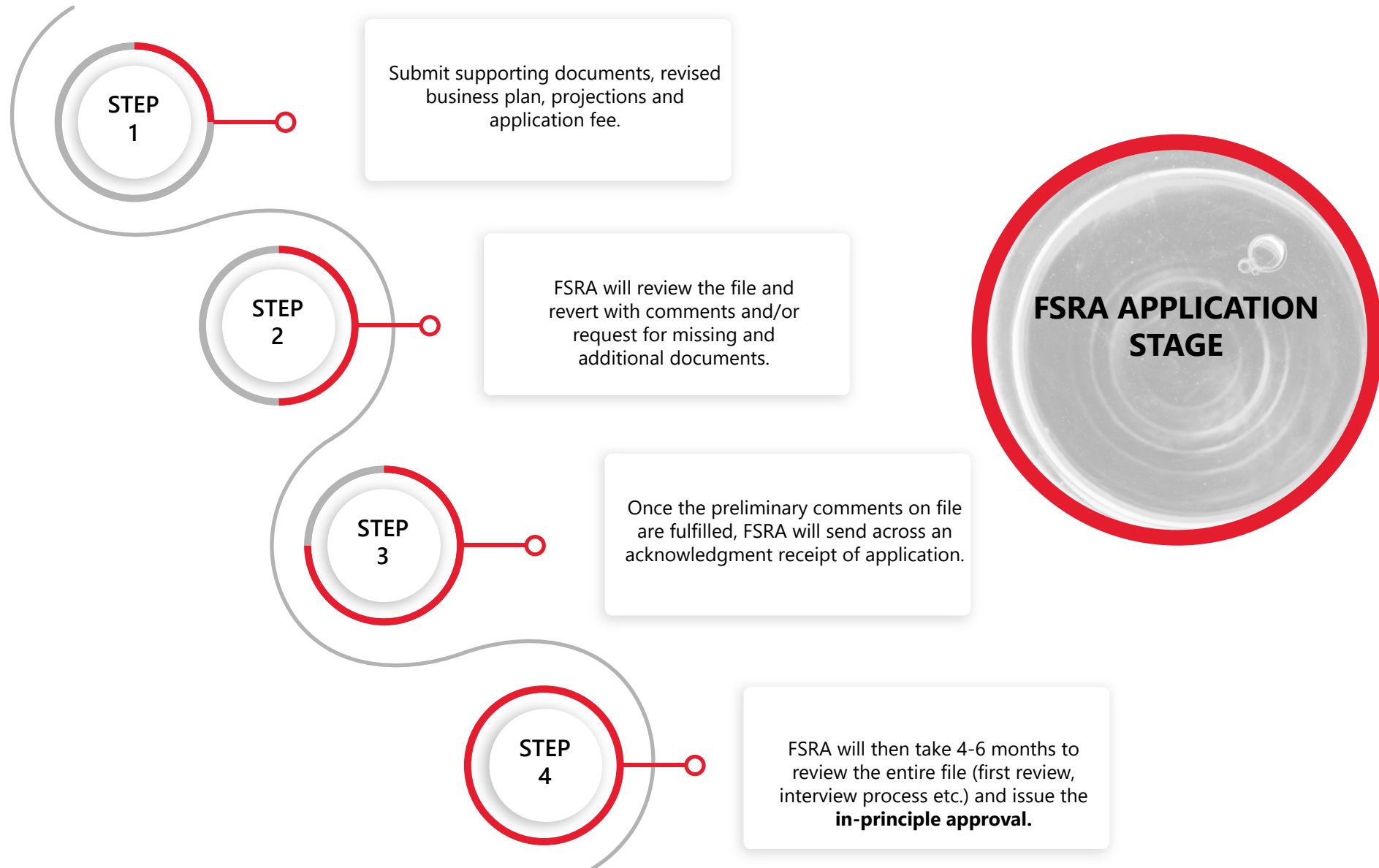
FSRA & ADGM FEES AND EXPENSES

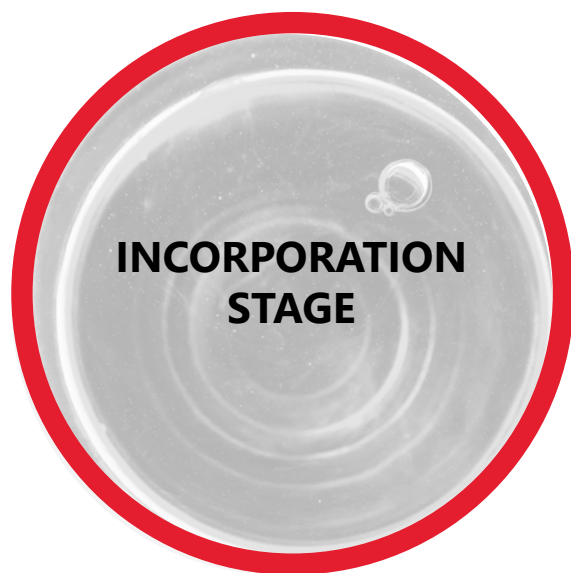
FSRA Application Fee	USD 5,000
FSRA Annual Renewal Fee	USD 5,000
FSRA Regulator's Fee for Each Licensed Individual (at least 4-5)	USD 500 per appointed individual
ADGM Company Registration Fee	USD 15,000
ADGM Company Renewal Fee	USD 13,100
Data Protection Fee	USD 1,000

CERTAIN RUNNING COST ESTIMATES

Outsourced CO/MLRO	USD 2,500 per month
Data Protection Officer	USD 185 per month
Finance Officer	USD 2,000 per month
Outsourced CFO	USD 3,000 - USD 4,000 per month
Accountant	USD 1000 per month
External Audit of Financial Statements	USD 10,000 - 20,000 annually
Internal Audit of Policies and Process	USD 5,000 - 10,000 annually
Professional Indemnity Insurance	USD 7,000 - 10,000 annually
IT Services and Support (basic package)	USD 5,000
Company Secretary	USD 375 per month
Employee Visa Cost	USD 3,517
ADGM Office Lease (small office 2-3 visas)	WeWork/Regus USD 20,000
ADGM Annual Office Lease (small office 2-3 visas)	WeWork/Regus USD 20,000







INCORPORATION STAGE



STEP 1

Submit all required documents and in-principal approval to ADGM Registrar of Companies.



STEP 2

ADGM Registrar of Companies will take approximately 5 days to incorporate the Company.



STEP 3

Initiate bank account opening process and deposit capital.
Secure office lease and premises.
(usually takes 3 weeks or more depending upon the bank selected. Additionally, if the office space selected is shell and core, then fit out takes 2-3 months. If its a serviced office then you are ready to move in).



STEP 4

Once capital is deposited, submit certificate of incorporation and confirmation of capital to FSRA and receive the **FINAL LICENSE**.



OUR EXPERIENCE

lecocqassociate provides a full range of financial regulatory, corporate and commercial advice in relation to the structuring and incorporation of entities. The group is gaining a reputation for outstanding service in the areas of data protection and online reputation management, as well as cyber security, blockchain and crypto asset regulation.

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