

Securitisation in the UAE: A compelling proposition

Leevyn Isabel, Business Development Director, and **Alan Booth**, Global Head of Capital Markets, Ocorian, outline how changes to rules on business ownership have made the UAE even more attractive from a structuring and financing perspective.

One of the most eye-catching global economic success stories of the modern age has been the rise of the United Arab Emirates (UAE) – now the commercial capital, and a key strategic hub, of the Middle East and North Africa. A federation of seven individual emirates, the UAE boasts one of the most liberal trade regimes in the Gulf and ranks 16th in the world for the ease of doing business.

The UAE is also proving an increasingly compelling destination for international investment. The reason? It's home to two of the world's most sophisticated financial services centres – the Dubai International Finance Centre (DIFC), and Abu Dhabi Global Market (ADGM) – which, together, form a business-friendly, efficient and legally robust offering for capital markets structures in the Middle East.

Here, overseas investors get the ease, reassurance and confidence of structuring investments or capital raising under the English common law system. This provides legal certainty, familiarity and the ease of structuring transactions under a regime akin to that of doing business in London or New York. The difference being typically lower costs, proximity to Middle East investors, and with the vast developing markets of Africa and Asia on the doorstep.

In early 2021, the UAE further increased its appeal when it removed longstanding restrictions on the foreign ownership of local businesses. Previously, any overseas owner of a UAE company had to appoint a local nominee to own 51% of the venture, which seriously limited their ability to use that company to raise capital. As they can now own a local trading business outright, it more than doubles the amount of potential capital they can raise.

Delivering value through securitisation

Because raising capital from Middle East banks is challenging, investors are often driven to find alternative forms of financing, so this liberalisation may prove invaluable.

One powerful method of financing is securitisation, which provides a controlled opportunity to invite people to invest in a structure. UAE securitisation commonly involves transferring an asset into a special purpose vehicle (SPV), which then raises the desired capital by issuing securities, such as shares and bonds. These securitisation SPVs can be structured to be either Shari'ah or non-Shari'ah compliant.

Thanks to the recent change in foreign ownership laws, clients can now feel absolute confidence in using securitisation structures in the UAE – facilitating local transactions with local expertise, in a time-zone that makes it easy for everyone involved.

At Ocorian, we have deep and direct experience of what can be achieved in the DIFC and ADGM. As one example, **our UAE team has completed a major UAE securitisation transaction** for a local bank, using an SPV structure domiciled in ADGM for the purchase of a portfolio of UAE logistic and residential assets worth US\$90 million.

Ocorian tailored its offering to provide close assistance through the incorporation of the SPV, dealing with the ADGM registry, onboarding shareholders, coordinating board meetings and liaising with legal counsel.

Ocorian – your partner in the DIFC and ADGM

Ocorian has built this expertise in the UAE over the last 11 years, with a presence on the ground in both the DIFC and ADGM. Our skilled and experienced staff bring the same high level of financial services expertise we practice in mature jurisdictions such as the UK, Mauritius and the Cayman Islands to the Middle East. Here, we can provide expertise in everything from structuring local SPVs to Shari'ah compliance.

This leaves investors perfectly placed to capitalise on the vast opportunity of the region, or to use it as a stepping-stone to the tantalising neighbouring markets of Africa and Asia. Meanwhile, our connected global footprint means we can also structure deals in all the key global financial hubs.

Find out more about our UAE service offering [here](#), or contact one of our team below. They'll be more than happy to help.

Contact us

For more information on our services for corporate, institutional and private clients visit ocorian.com or get in touch with our key contacts below.



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About Ocorian

Ocorian is a global leader in fund administration, corporate and fiduciary services, and capital markets. Supporting and protecting global investment is our priority, with offices worldwide our global network is designed to deliver exactly what our clients need, exactly how and where they need it. Our approach is personal, professional and flexible. We take the time to understand our clients' ambitions and work with them to deliver customised, scalable solutions that can be fully integrated across clients' existing operations, processes and platforms.

Bermuda | BVI | Cayman Islands | Guernsey | Hong Kong | Isle of Man | Ireland | Jersey | Luxembourg | Mauritius | Netherlands | Singapore | UAE | UK | USA

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