OCORIAN

A practical guide to establishing a fund in the DIFC

Expertise. Trust. Scale.

DIFC

Welcome to the DIFC

Welcome to the Dubai International Financial Centre (DIFC), one of the world's most dynamic and trusted jurisdictions for fund formation and cross-border investment.

Whether you are expanding into high-growth markets across the Middle East, Africa, and South Asia, or seeking a stable, internationally recognised hub for your next investment structure, the DIFC offers an exceptional platform for fund managers.

With its English common law framework, 50-year tax holiday, globally respected regulator (DFSA), and thriving ecosystem of financial institutions, the DIFC provides a foundation built for confidence, scalability, and long-term performance.

Fund managers benefit from flexible legal structures, streamlined regulatory pathways, and ready access to the region's expanding institutional and professional investor base.

This guide outlines what you need to know, from fund types and regulatory requirements to governance expectations and approvals and demonstrates how Ocorian's experienced team in the UAE can support a seamless, efficient, and fully compliant fund set-up from day one.

Wherever you are in your fund lifecycle, Ocorian is here to help you move with clarity, speed, and confidence.

Why set up a fund in the DIFC?

1. A strong, internationally respected regulatory environment

The Dubai Financial Services Authority (DFSA) regulates all financial activity within the DIFC, providing a clear, reliable, and internationally recognised framework for fund managers. The DIFC operates on an English common law system, separate from the wider UAE legal landscape, which offers legal certainty and appeals to global investors. Fund promoters from overseas also benefit from full ownership rights, allowing them to operate without the need for local partners. Together, these features make the DIFC a jurisdiction well suited for cross-border fund activity and investor confidence.

2. A highly competitive tax environment

The DIFC offers long-term tax neutrality for fund vehicles. A 50-year renewable guarantee ensures zero tax on profits, capital gains, and assets, while employee income earned in the Centre is also exempt. Managers additionally benefit from the UAE's growing network of double taxation treaties, supporting efficient structuring and cross-border investment routes across the GCC and MENASA region.

3. Trusted regulatory oversight and judicial independence

The DFSA is widely recognised for its strong governance standards and rigorous supervisory approach. Investors take comfort in the DIFC's independent court system, which provides a fair and transparent venue for dispute resolution. This combination of regulatory credibility and judicial independence strengthens the jurisdiction's global standing.

4. A deep and diversified financial ecosystem

Home to global banks, asset managers, advisors, law firms, and professional service providers, the DIFC is one of the most sophisticated financial hubs in the region. Its ecosystem continues to expand, attracting an increasing number of international fund sponsors and supporting a collaborative environment for managers.

5. Strategic access to high-growth markets

Positioned at the commercial crossroads of Africa, the Middle East, and South Asia, the DIFC offers unrivalled proximity to rapidly growing economies. Fund managers can base their operations near underlying assets and investors, enabling closer oversight and more agile deployment of capital.

6. Flexible fund structures to suit your strategy

The DIFC offers a broad menu of structures and legal forms designed to accommodate varied investor profiles, fund strategies, and governance needs. This flexibility allows sponsors to select models that best align with their investment approach.

7. Direct access to a growing investor base

Funds domiciled in the DIFC are well positioned to tap institutional and professional investor appetite across the GCC and wider MENASA region, opening pathways to new capital pools.

Types of funds in the DIFC

Funds may be established as Domestic Funds and may be managed either by a Domestic Fund Manager or an External Fund Manager.

Public Funds

Governed by the DFSA's Collective Investment Rules (CIR), Public Funds are subject to the highest standards of oversight and disclosure. They must issue a full prospectus, maintain ongoing reporting, and comply with IOSCO-aligned requirements.

Who can invest

1. Retail clients
2. Funds with more than 100 investors
3. Funds offered via public distribution channels

Minimum subscription

No minimum.

Process & timing

Public Funds follow a formal DFSA registration process, typically completed within 40 business days.

Additional requirements

1. Written constitution or partnership deed
2. Registered auditor
3. Investment oversight committee
4. Prospectus

Use cases

Hedge funds, multi-strategy funds, and other retail-accessible structures.

Exempt Funds

Exempt Funds offer a lighter regulatory burden than Public Funds while maintaining strong governance.

Who can invest

1. Professional clients only
2. Maximum of 100 unitholders
3. Units offered exclusively through private placement

Minimum subscription

USD 50,000

Regulatory approach

1. Simpler offering documents
2. Faster approval processes
3. Lighter ongoing reporting

Registration

Entity registration plus DFSA notification only.

Use cases

Private equity, real estate, infrastructure, and other institutional strategies where investor sophistication is high.

Qualified Investor Funds

Qualified Investor Funds offer the most streamlined route to fund launch.

Who can invest

1. Professional clients only
2. Maximum of 50 unitholders
3. Private placement only

Minimum subscription

USD 500,000

Timing

1. Fund approval in 2 business days
2. Fund Manager or VC Fund Manager approval in 4–6 weeks

Regulation

1. Simplified documents
2. Reduced reporting
3. Company registration plus DFSA notification

Use cases

Larger private equity, real estate, hedge, or infrastructure funds.

Type of Funds Domestic Funds can be managed by either a Domestic or an External Fund Manager.

Type of Fund	Public Funds	Exempt Funds	Qualified Investor Funds
Primary Legislation	DIFC Collective Investment Rules and Law	DIFC Collective Investment Rules and Law	DIFC Collective Investment Rules and Law
Legal Framework for Fund Structures	Company Law 2009, Limited Liability Partnership Law 2004, Investment Trust Law 2006	Company Law 2009, Limited Liability Partnership Law 2004, Investment Trust Law 2006	Company Law 2009, Limited Liability Partnership Law 2004, Investment Trust Law 2006
Level of regulation	• Stringent regulatory requirements for investor protection • Cannot be a VC • Detailed regulation in line with IOSCO standards • Full disclosure in prospectus • Ongoing disclosure obligations	• Somewhat less stringent regulatory requirements than public funds • Faster approval process than for public funds • Simpler offering document than for public funds • Lighter ongoing disclosure obligations	• Less stringent regulatory requirements than public funds • Faster approval process than for public funds • Simpler offering document than for public funds • Lighter ongoing disclosure obligations
Investors and Offer	• Unitholders include Retail Clients; or • Has, or intends to have, more than 100 unitholders; or • Some or all of its units are offered to investors by way of public offer	• Only Professional Clients; • Has 100 or fewer unitholders; and • Units are offered to persons only by way of a Private Placement	• Only Professional Clients; • Has 50 or fewer unitholders; and • Units are offered to persons only by way of a Private Placement
Minimum subscription	**Not restricted**	**USD 50,000**	**USD 500,000**
Registration	Formal tund registration process to be followed as per the DFSA Collective Investment Rules (CIR)	Only registration as a company and a notification to DFSA is required	Only registration as a company and a notification to DFSA is required
Tax Rate	Tax Neutral	Tax Neutral	Tax Neutral
Independent Administrator	Required	Required	Required
Asset Classes	Hedge fund and multi-strategy funds	Private equity, real estate, hedge, infrastructure/property and sector focus funds	Private equity, real estate, hedge, infrastructure/property and sector focus funds
General Requirements	• Written Constitution or Partnership Deed • Registered auditor • Prospectus • Investment oversight committee	• Written Constitution or Partnership Deed • Registered auditor	• Written Constitution or Partnership Deed • Registered auditor
Application Process Time	Varies, typically within 40 business days	5 business days 4–6 weeks: Fund Manager 1 week: VC Fund Manager	2 business days: Fund 4–6 weeks: Fund Manager 1 week: VC Fund Manager
Application Fee	**USD 1,000**	**0**	**0**
Annual Fee per Fund	**USD 4,000**	**USD 4,000**	**USD 4,000**

Specialist domestic funds

Islamic Funds

To establish an Islamic Fund, the manager must either be licensed for Islamic Financial Business or operate through an approved Islamic Window. A Shari'a Supervisory Board oversees compliance with Islamic principles, reviewing operating policies, internal controls, the Fund Constitution, and the Prospectus.

Hedge Funds

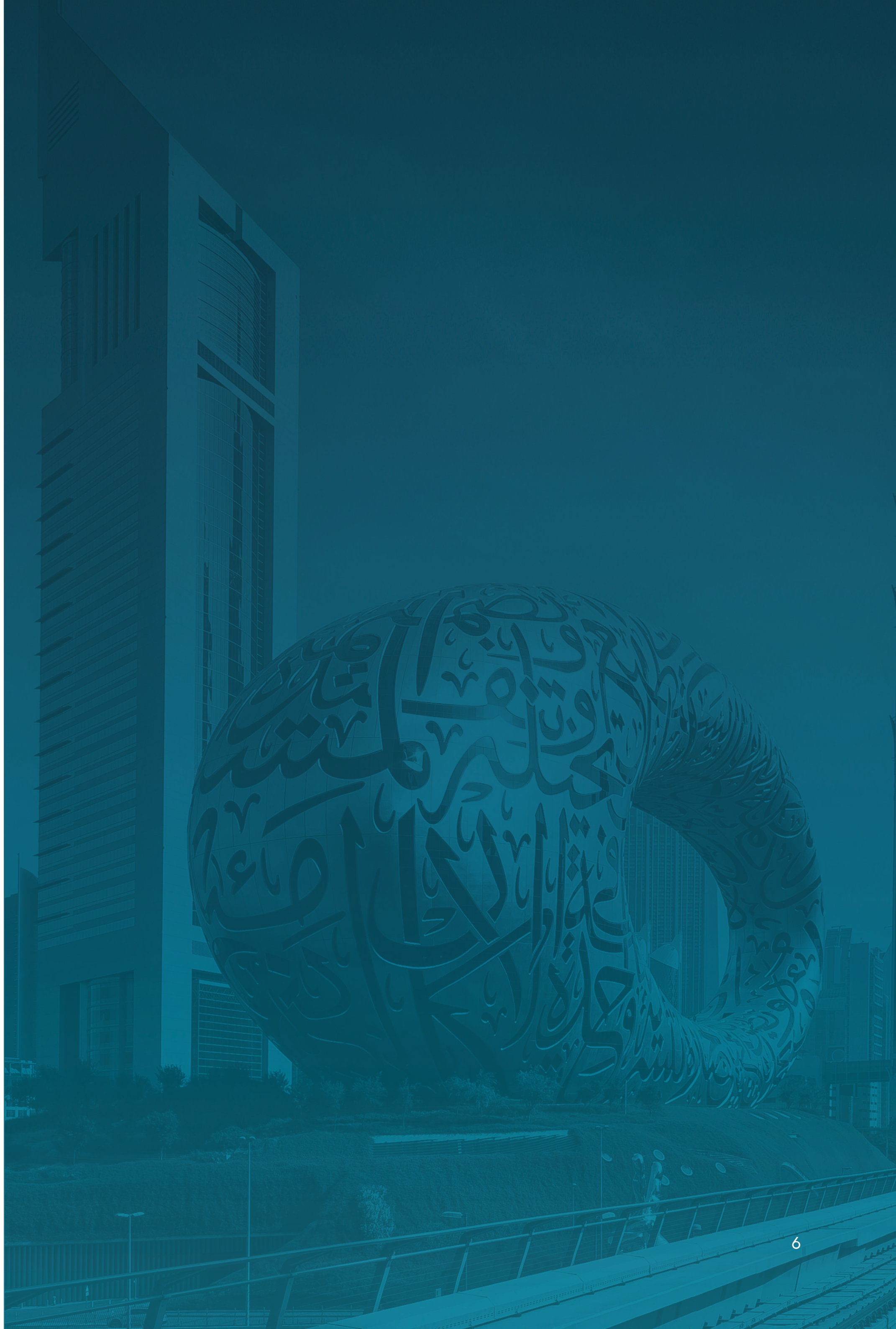
Hedge Fund managers must demonstrate strong risk governance, including a clear separation between investment decision-making and fund valuation. Managers are expected to follow DFSA guidance, including the Hedge Fund Code of Practice. The use of prime brokers with pooling authority is limited to Exempt Funds under specific conditions.

Private Equity Funds

Typically formed as Exempt Funds, PE Funds are not required to hold assets with an Eligible Custodian. Instead, they must appoint an Investment Committee and provide transparent disclosures about how assets are held.

Venture Capital Funds

VC Funds may be structured as Exempt or Qualified Investor Funds. They must allocate at least 90% of committed capital to unlisted businesses established within the past 10 years, typically accessed via equity or equity-linked instruments.



Property Funds

Property Funds must be closed-ended. When structured as Public Funds, they must:

1. Invest primarily in real property or property-related assets
2. Limit cash and securities to no more than 40% of holdings
3. List on an authorised or recognised exchange within six months
4. Undergo annual valuation and mandatory third-party valuations on asset transactions
5. Keep borrowing under 80% of NAV

Real Estate Investment Trusts (REITs)

A category of Property Funds focused on income distribution. REITs must:

1. Distribute at least 80% of audited annual income
2. List publicly
3. Maintain borrowing below 70% of NAV
4. Limit development-stage properties to 30% of assets

Credit Funds

Credit Funds must commit at least 90% of their assets to providing credit, including through loan acquisition. They may be Exempt Funds or Qualified Investor Funds, must be closed-ended with a maximum ten-year term, and cannot borrow more than 10% of NAV. They may be set up as Investment Companies or Limited Partnerships.

Legal Structures Available

A fund in the DIFC may adopt one of the following legal forms:

1. Investment Company (open- or closed-ended)
2. Protected Cell Company (PCC) (open-ended)
3. Incorporated Cell Company (ICC) (open- or closed-ended)
4. Limited Partnership

Fund regime structure chart

Why Ocorian?

Your strategic partner for DIFC fund success.

Launching a fund in the DIFC requires precision, regulatory fluency, and a partner who understands both global fund management standards and the nuances of the local environment. Ocorian combines all three.

Our UAE fund services team brings deep domain expertise in private equity, real estate, venture capital, credit, and multi-strategy structures, supported by a global platform trusted by asset managers across major financial centres. We deliver robust fund administration, accounting, investor services, governance, and SPV management, ensuring your structures operate smoothly, transparently, and in line with DFSA expectations.

What sets us apart is our ability to eliminate operational friction across complex fund and SPV ecosystems. From entity formation through to reporting and ongoing compliance, we provide a scalable operating model designed to grow with your strategy, enabling you to focus on raising capital, deploying it, and delivering performance.

With Ocorian, you gain a partner who is invested in your success, aligned with international best practice, and equipped with the local insight needed to navigate the DIFC with confidence.

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Services offered

- Fund accounting
- Fund administration
- Investor services
- Company secretarial
- Fund Manager Directorships
- SPV and corporate services

Structures supported

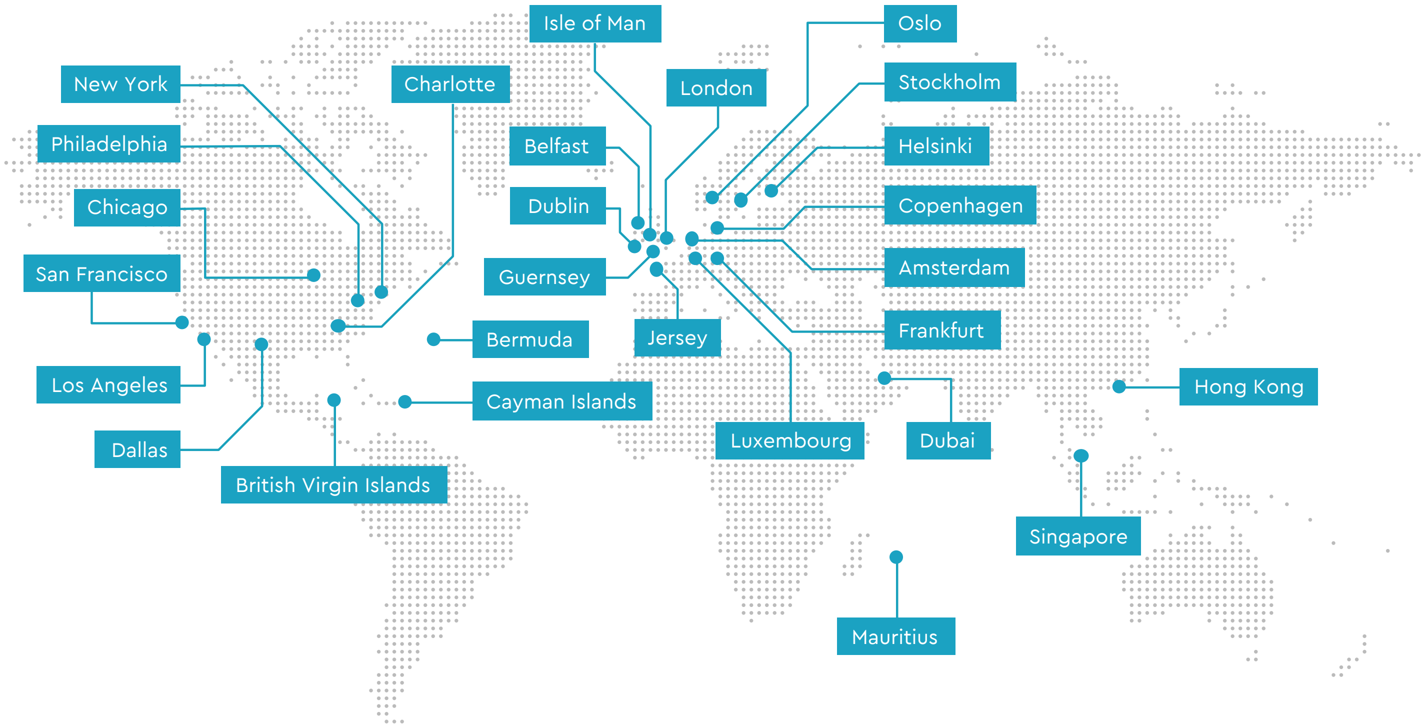
- Collective investment funds
- Limited partnerships/General partnerships (LPGP)
- Investment trusts
- Investment Companies
- Protected cell company (PCC)
- Incorporated cell company (ICC)
- Carry vehicles

Strategies supported

- Private equity
- Real estate
- Venture capital
- Private debt
- Infrastructure

About Ocorian

Here at Ocorian, we use our expertise, trust, and scale to manage and solve your complex operational, administrative and regulatory challenges, so you can focus on growing your business. That's why our solutions are trusted by asset managers, financial institutions, corporates, high net-worth individuals, and family offices, worldwide.



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