



Financial Services Regulatory Authority

Getting Started Guide



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Introduction

Thank you for your interest in Abu Dhabi Global Market (ADGM)

To expedite your application, please find below a summary which aims to provide an overview of the Financial Services Regulatory Authority's (FSRA) authorization requirements.

The FSRA is an activities-based regulator. Thus, a firm need only apply for a Financial Services Permission (FSP) covering the specific Regulated Activities it proposes to conduct.

[Here](#) is a link to Schedule 1 of ADGM's Financial Services and Markets Regulations 2015 (FSMR), which provides the definitions of the various Regulated Activities.

FINANCIAL SERVICES AND MARKETS REGULATIONS 2015



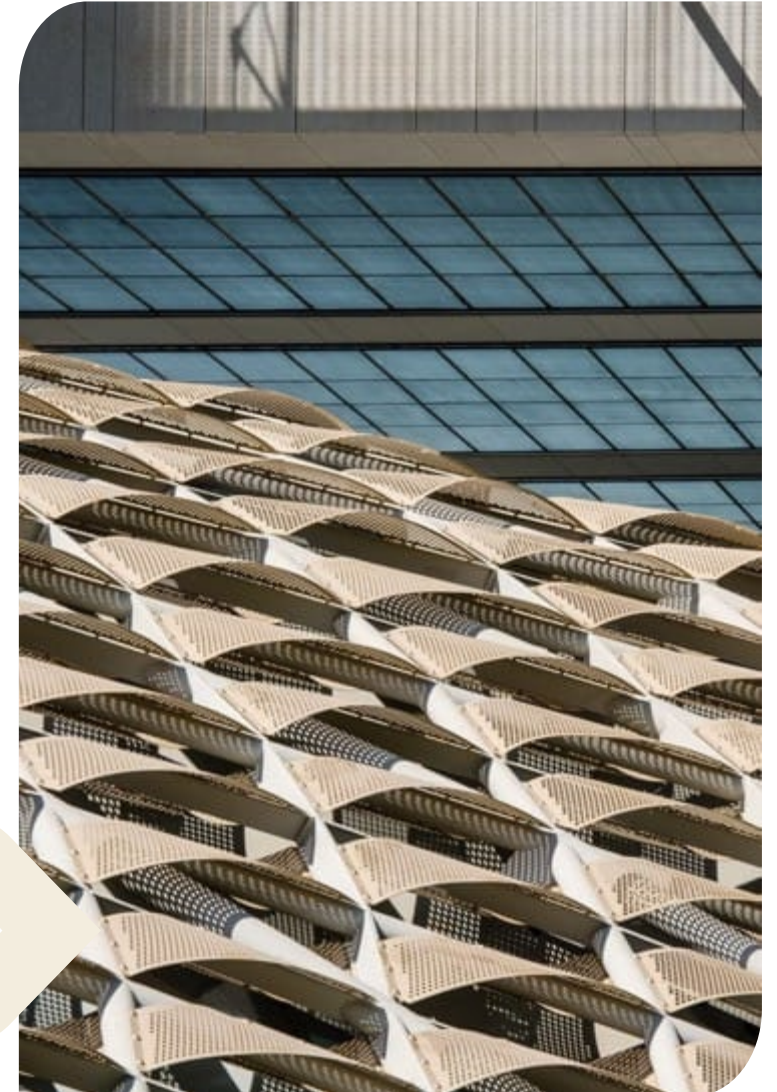


FSRA's Fees

The table below outlines a summary of the fees for applications and supervision where a Regulated Activity is conducted on a standalone basis. If an entity carries out more than one Regulated Activity, Section 3.2 and the relevant Rule(s) in Chapter 3 of the Fees Rules offer details regarding the binding requirements and appropriate treatment.

For each application, whether by an Applicant or Authorised Person, the entity must remit the highest of the relevant application fees associated with the Regulated Activities being applied for at that time. Additionally, each additional Regulated Activity applied for at that time incurs an extra application fee, calculated as the lesser of \$10,000 or the application fee specified in the Fees Rules.

Please refer to the detailed [Fees Rules](#) for comprehensive information regarding specific application fees and their respective calculations.





FSRA's Fees

TRADITIONAL ASSETS			
Application (\$k)	Supervision (\$k)	Group	Regulated Activity
70	100	Accepting Deposits	Accepting Deposits
15	15	Advising on Investment or Credit	Advising on Investment or Credit
15	15	Arranging Deals in Investment	Arranging Deals in Investment
10	10	Collective Investment	Acting as the Administrator of a Collective Investment Fund
10	10		Acting as Trustee of an Investment Trust
10	10		Managing a Collective Investment Fund
10	10		Managing a Venture Capital Fund and co-investments
10	10		
70	100	Credit	Arranging Credit
15	15	Custody	Providing Credit
25	25		Arranging Custody
40	50	Dealing in Investments	Providing Custody
25	25		Dealing in Investments as Principal
25	25		Dealing in Investments as Matched Principal
		Insurance	Dealing in Investments as Agent
			Carrying Out Contracts of Insurance as Principal
			Effecting Contracts of Insurance
40	50		- as an Insurer
5	5		- as a Captive Insurer or Insurance Special Purpose Vehicle
8plus 1per cell	8plus 1per cell		- as a Cell Company (additional to fees above)
15	15		Insurance Intermediation
15	20		Insurance Management
30	30		
		Managing a Profit-Sharing Investment Account	Managing a Profit Sharing Investment Account



FSRA's Fees

TRADITIONAL ASSETS			
Application (\$k)	Supervision (\$k)	Group	Regulated Activity
25	25	Managing Assets	Managing Assets
		Providing Money Services	Providing Money Services
15	15		- Currency exchange
15	15		- Money Remittance
25	25		- Payment Services
10	10	Operating a Credit Rating Agency	Operating a Credit Rating Agency
10	10	Operating a Private Financing Platform	Operating a Private Financing Platform
5	5	Providing Third party Services	Providing Third party Services
10	10	Operating Multilateral and Organised Trading Facilities	Operating a Multilateral trading facility
10	10		Operating an Organised trading facility
25	25	Providing Trust services	Providing Trust services
5	5	Specified Benchmark	Administering a specified benchmark
5	5		Providing information in relation to a specified benchmark
1	-	Technology Innovation in Financial Services	Developing financial technology services within the RegLab



FSRA's Fees

VIRTUAL ASSETS

Application (\$k)	Supervision (\$k)	Group	Regulated Activity
125	60	Operating Multilateral and Organised Trading Facilities	Operating a Multilateral Trading Facility
20	15	All other Regulated Activities	All other Regulated Activities

SPOT COMMODITIES

Application (\$k)	Supervision (\$k)	Group	Regulated Activity
125	60	Operating Multilateral and Organised Trading Facilities	Operating a Multilateral Trading Facility
20	15	All other Regulated Activities	All other Regulated Activities

OTC LEVERAGED PRODUCTS

Application (\$k)	Supervision (\$k)	Group	Regulated Activity
40	40	Retail Clients	Dealing in Investments as Agent/Matched Principal/Principal
5	5	Other Clients	Dealing in Investments as Agent/Matched Principal/Principal

ISLAMIC FINANCIAL BUSINESS

Application (\$k)	Supervision (\$k)	Group	Regulated Activity
5	5	All Regulated Activities	Engaging in Islamic Financial Business, either through an Islamic Window or as a Islamic Financial Institution



Prudential Capital Requirements

Category	Activity	Base Capital Requirements	EBCM/ RCR/ VCR
1	a. Accepting Deposits	USD 10 million	Risk Capital Requirement: <ul style="list-style-type: none"> Credit Risk Capital Requirement. Market Risk Capital Requirement. Operational Risk Capital Requirement. CVA Risk Capital Requirement.
2	a. Dealing in Investments as Principal (not as a Matched Principal)	USD 2 million (refer to risk- based capital requirements as set out in PRU)	18/52nds of annual expenditure if holding Client Assets, 13/52nds if not.
	a. Providing Credit.		
3A	a. Dealing in Investments as Principal (where it does so only as a Matched Principal; and c. Dealing in Investments as Agent.	USD 500,000 (refer to risk-based capital requirement as set out in PRU) USD 2 million (Applicants seeking to deal (as matched principal) in OTC Derivatives with Retail Clients	
3B	a. Providing Custody (only if for fund); and b. Acting as the Trustee of an Investment Trust.	USD 4 million	
3C	a. Managing Assets; b. Providing Custody (where it does so other than for a Fund); c. Managing a Profit Sharing Investment Account which is a PSIAr; d. Providing Trust Services (where it is acting as Trustee in respect of at least one express trust)	USD 250,000	
	a. Managing a Collective Investment Fund	USD 150,000 (Public Fund or any other type of Fund that is available to Retail Clients; USD 50,000 (Exempt and Qualified Investor Funds. USD 0 (Venture Capital Funds.	



Prudential Capital Requirements

Category	Activity	Base Capital Requirements	EBCM/ RCR/ VCR
3C	a. Providing Money Services	<p>Where it undertakes currency exchange the Expenditure Based Capital Minimum (EBCM) as set out in PRU Section 3.7;</p> <p>Money Remitter (the ECBM as set out in PRU Section 3.7; and the Variable Capital Requirement (VCR) calculated PRU Rule 3.6A.2</p> <p>Payment Services Provider (the VCR in accordance with PRU Rule 3.6A.4 or a Stored Value Provider the VCR in accordance with PRU Rule 3.6A.6</p>	<p>Authorised Persons undertaking the Regulated Activity of Providing Money Services must calculate the Capital Requirement for each activity it undertakes as the highest of:</p> <p>The applicable Base Capital Requirement (BCR) in PRU Section 3.3; and where it undertakes currency exchange the Expenditure Based Capital Minimum (EBCM) as set out in PRU Section 3.7;</p> <p>Money Remitter:</p> <ul style="list-style-type: none"> The ECBM as set out in PRU Section 3.7; and the Variable Capital Requirement (VCR) calculated PRU Rule 3.6A.2. <p>Payment Services Provider</p> <ul style="list-style-type: none"> the VCR in accordance with PRU Rule 3.6A.4 or a Stored Value Provider the VCR in accordance with PRU Rule 3.6A.6.
4	a. Arranging Credit b. Arranging Deals in Investments c. Advising on Investment or Credit d. Arranging Custody e. Acting as the Administrator of a Collective Investment Fund f. Administering a Specific Benchmark g. Operating Credit Rating Agency h. Operating a Multilateral Trading Facility or Organized Trading facility i. Operating a Private Financing Platform j. Providing Information in Relation to a Benchmark k. Providing Trust Services other than as Trustee of an express trust l. Providing Third Party Services m. Insurance intermediation n. Insurance management	<p>USD 10,000. Except;</p> <p>To carry out the Regulated Activity of Operating a Private Financing Platform and holds Client Assets, in which case the Base Capital Requirement is 150,000.</p> <p>To carry out the Regulated Activity of Providing Third Party Services, in which case the Base Capital Requirement will be 50,000.</p>	<p>18/52nds of annual expenditure if holding Client Assets, 6/52nds if not.</p>
5	a. An Islamic Financial Institution Managing a Profit sharing investment account which is a PSIAU.	USD 10 million	<p>Risk Capital Requirement:</p> <ul style="list-style-type: none"> Credit Risk Capital Requirement. Market Risk Capital Requirement. Operational Risk Capital Requirement. Displaced Commercial Bank Capital Requirement. CVA Risk Capital Requirement.



Staffing, Controlled Functions, and Approved Persons

A number of functions within a firm are either designated as Controlled Functions, which require approval by the FSRA, which are appointed by the firm itself and notified to the FSRA.

An Authorised Person must, subject to (2), make the following appointments and ensure that they are held by one or more Approved Persons at all times:

- **Senior Executive Officer** (must be resident in UAE);
- **Finance Officer**;
- **Compliance Officer** (must be resident in UAE); and
- **Money Laundering Reporting Officer** (must be resident in UAE).

The same individual cannot be both the Senior Executive Officer and the Compliance Officer and/or Money Laundering Reporting Officer. However, one individual might be able to carry out the roles of both Compliance Officer and Money Laundering Reporting Officer, as these are seen as compatible responsibilities. Depending on the nature, scale, and complexity of the proposed entity and its business, the FSRA would entertain proposals for the outsourcing of the Compliance Officer and Money Laundering Reporting Officer functions to a third-party consultant, or to a group entity or Head Office, subject to the usual questions over suitability and capacity. The Finance Officer could also be based in another Group entity or the Head Office or be outsourced by a third-party provider. Where the firm is incorporated in the ADGM (that is, it is not a Branch of a non-ADGM company), it must seek approval from the FSRA for each of its directors under the Controlled Function of Licensed Director. Note, there is an application (but no annual supervision) fee of USD 500 for each individual seeking to exercise a Controlled Function.

Aside from the mandatory appointments noted above, the FSRA does not require a minimum headcount, but we expect a firm to devote sufficient resources, including human resources, to allow it to effectively carry on and control the Regulated Activities covered by its Financial Services Permission. For a large enterprise, or one carrying on a wide range of Regulated Activities, for example, this might include Senior Managers with responsibility for functions such as the various business lines, risk management, treasury, and internal audit.

Please refer to [General Rulebook \(GEN\)](#), Chapters **5.3** and **5.4**, for more details



Application Process and Forms

Upon speaking to the Authorisation team and their determination that you are ready to submit a full application, a member of the Authorisation team will grant you access to the FSRA Connect portal. This access will enable you to submit the necessary supporting documents for your application. After being added by FSRA Authorization, you will receive a welcome email containing a link to set your password. Within the portal, you will find a user manual serving as a reference guide for navigating the portal and submitting your documents. Additionally, under the "Guides and Templates" header tab, you will find the FSP application forms.

The forms include a core application form applicable to all applicants, known as the General Information for Regulated Activities (GIRA) form. This core form is complemented by supplementary forms specific to the Regulated Activities being proposed. For instance, an applicant seeking a Financial Services Permission for the Regulated Activity of Managing Assets would need to complete the GIRA form and, at least, the Asset Management Supplement (AMS) form. The number of supplementary forms required depends on the breadth of proposed activities. Furthermore, applicants must complete and submit the Approved Person Status (APS) form for individuals who will exercise the outlined functions, as well as for any other senior management or responsible positions.

Should you wish to apply, it is necessary to submit the full application. Upon thorough review, if the final application is deemed satisfactory, the Authorisation team will extend an invitation to remit the Authorisation fees, thereby commencing the process of assessing your application. Subsequently, Authorisation will present an evaluation and recommendation for In-Principle Approval to the FSRA's Authorisation Committee. Should the recommendation receive endorsement, an In-Principle Approval Letter will be issued, subject to various conditions. Typically, these conditions are administrative in nature and must be fulfilled prior to the granting of the Financial Services Permission. Such requirements may encompass tasks including allocation of shares, provision of share capital, staffing, incorporation or registration of the firm with ADGM's Registration Authority, obtaining a commercial license, and fit-out of premises.





Funds

The [Funds Rulebook](#) is the main reference concerning Funds rules and regulations. A Fund in the ADGM must be managed by either a Fund Manager domiciled in the ADGM or by a Foreign Fund Manager established in a Recognized Jurisdiction. To establish as a Fund Manager in the ADGM, the Applicant will need to first apply to the FSRA for a Financial Services Permission (FSP) to conduct the Regulated Activity of Managing a Collective Investment Fund. This Regulated Activity is defined in FSMR. A Fund Manager that is domiciled and regulated in one of the Recognized Jurisdictions listed in the Fund Rules may apply to the FSRA to act as a Foreign Fund Manager of an ADGM Fund, as described in chapter 7.1 of the FUND Rules.

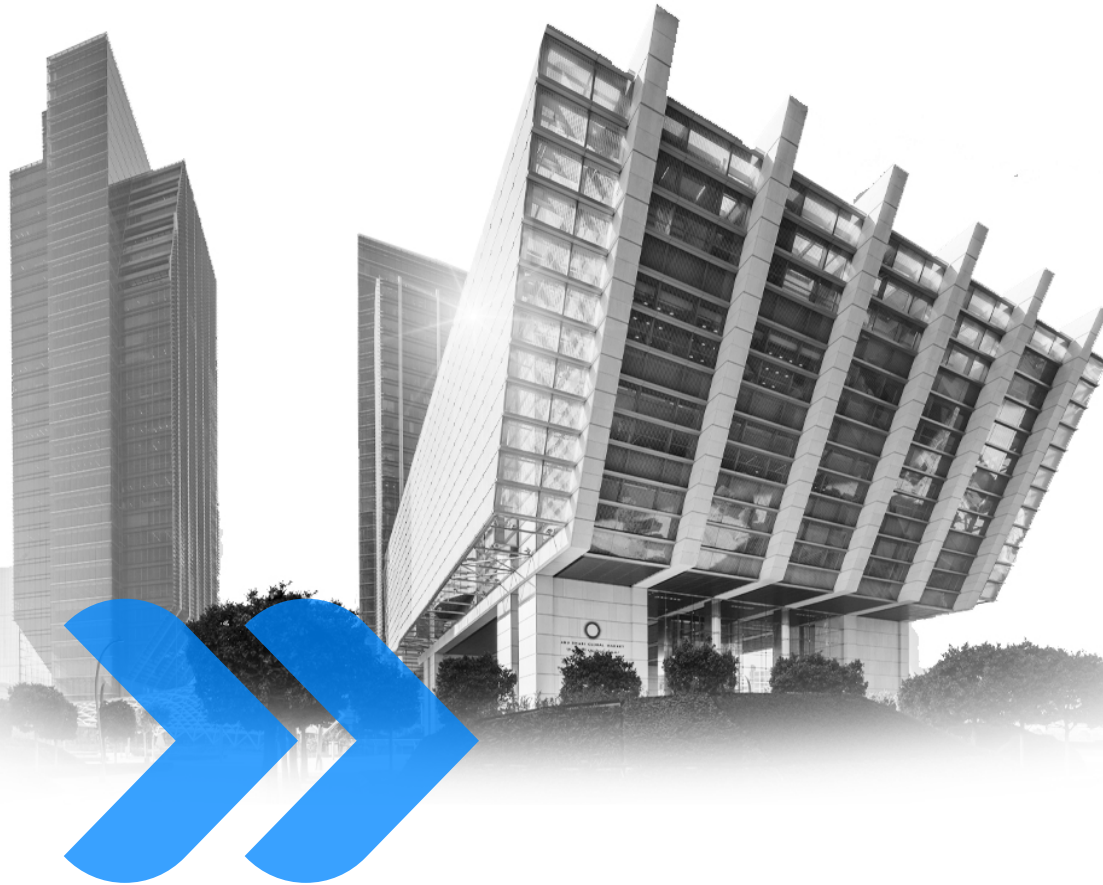
A copy of the Funds brochure can be found [here](#). It gives a broad overview of the framework in ADGM, however, it is the FUND Rules which are most important to understand if you are intending to apply as a Fund Manager.

A Fund established in ADGM must fall into one of three categories: Public Fund (i.e. Retail); Exempt Fund; or a Qualified Investor Fund (QIF). The Fund category is largely dictated by the type of investor a Fund Manager intends to target the Fund at, and the minimum investment each investor will be required to make. A Fund can be established using a legal form such as a Closed / Open Ended Investment Company, an Investment Trust, or a Limited Partnership.

A Fund Manager must notify the FSRA of its intention to market an Exempt Fund or QIF using the Form FEQN. A Fund Manager of a Public Fund must apply for registration of the Fund using Form FPR.



Private Financing Platform



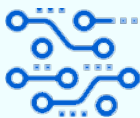
ADGM launched its framework to regulate operators of Private Financing Platforms (PFPs) serving equity investment, debt financing and trade receivables funding needs of start-ups, private enterprises and SMEs.

PFPs are online platforms that enable start-ups and smaller enterprises to obtain financing from private and institutional investors to launch and grow their businesses. Such PFPs allow innovative business models that serve different business and client segments.

The new framework requires the operators of PFPs, to have appropriate systems and controls in the areas of due diligence of those enterprises listed on the PFP, risk disclosures, safeguarding of client assets, anti-money laundering and counter-terrorist financing (AML/CFT), amongst others.

The new framework for PFPs will further add to FSRA's comprehensive regulatory regime to support a wide-range of financing solutions for varying business needs, and bolster the growth and diversification of UAE's enterprises and economy.

A link to the framework and guidance is attached [here](#).



Venture Capital Fund Manager (“VC”) Regime

ADGM has developed a VC Fund Manager regime to address the specific nature of the market. To qualify for authorisation under the VC regime, an Applicant will need to demonstrate that each Fund it manages satisfies all of the following criteria:

- The Fund invests only in the Securities of companies which are at an early stage of development and that are not listed or admitted to trading on an exchange, either; directly, or indirectly as a Feeder Fund holding units of a Master Fund, in accordance with:
 - **the Fund is closed-ended;**
 - **the Fund limits total subscriptions to an amount not exceeding USD 100 million, or a higher amount approved by the Regulator; and**
 - **the Fund is a Domestic Fund that is either an Exempt Fund or Qualified Investor Fund; or**
 - **A Foreign Fund that is not available to Retail Clients.**

An applicant seeking an FSP for the Regulated Activity of Managing a Collective Investment Fund (as a VC Manager) would need a payment of the Authorisation fees of \$10,000 for the Regulated Activity and \$500 for each APS form submitted and a reduced incorporation fee of \$2,500 (for the first 3 years).

You can access the VC Framework [here](#).





Digital Investment Management (“Robo-advisory”)

Digital Investment Managers provide investment management services using algorithm-based tools and technology to interact with more tech- savvy clients. This technology allows investment managers to provide tailored investment management services to clients in a cost-effective and scalable way. Digital Investment Managers have the potential to play an important role in promoting financial inclusion and providing a wider range of options for retail client investors in the Middle East and Africa region. To support the industry, the FSRA has prepared this guidance to illustrate how its regulatory framework applies to these businesses and how robo-advisors can operate more effectively in ADGM.

Digital Investment Managers operating in ADGM will require an FSP to undertake any Regulated Activity as part of their business model. The FSRA has observed that the core services provided by a Digital Investment Manager typically involve the provision of one or more of the following Regulated Activities.

- Advising on Investments or Credit:** for example, recommending that a client invest in a portfolio of Financial Instruments, or recommending that a client buy or sell particular Financial Instruments in order to rebalance the client’s portfolio.
- Arranging Deals in Investments:** for example, after recommending that a client invest in a portfolio of Financial Instruments and, with the consent of the client, passing instructions to a broker to buy those Financial Instruments on the client’s behalf.
- Managing Assets:** for example, exercising discretion to rebalance a client’s portfolio by passing instructions to a broker to either buy or sell particular Financial Instruments on the client’s behalf.

PRUDENTIAL CAPITAL REQUIREMENTS:		
Prudential Category	Base capital Requirement	Maximum of: Expenditure Based Capital Minimum
Managing Assets 3C	\$250,000	<ul style="list-style-type: none">Holding Client Assets: 18/52nds of Annual Audited ExpenditureOtherwise: 13/52nds of Annual Audited Expenditure
Advising on Investments or Credit Arranging Deals in Investments Arranging Custody 4C	\$10,000	<ul style="list-style-type: none">6/52nds of Annual Audited Expenditure

LOWERED PRUDENTIAL CAPITAL REQUIREMENTS:		
Prudential Category	Base capital Requirement	Maximum of: Expenditure Based Capital Minimum
Managing Assets 3C	\$10,000	<ul style="list-style-type: none">6/52nds of Annual Audited Expenditure

*Details of the lowered prudential capital requirements for Digital Investment Managers who meet the criteria in Paragraph 3.11 of the Supplementary Guidance (“Robo-advisory”)



Registration and Incorporation

The ADGM Registration Authority will be able to provide you with further details of the process and the fees involved in setting up the company structure. Please contact CRM@adgm.com for details.

Details of Registration Authority and other fees linked to registration and licensing may be found [here](#)

Visas and Government Services

The Corporate Relations team supports registered entities and their employees by working closely with the relevant government authorities and providing a simple and streamlined process, and one point of contact. The Corporate Relations team will guide you through the visa process and ensure a smooth transition over to ADGM.

You can find more details [here](#)

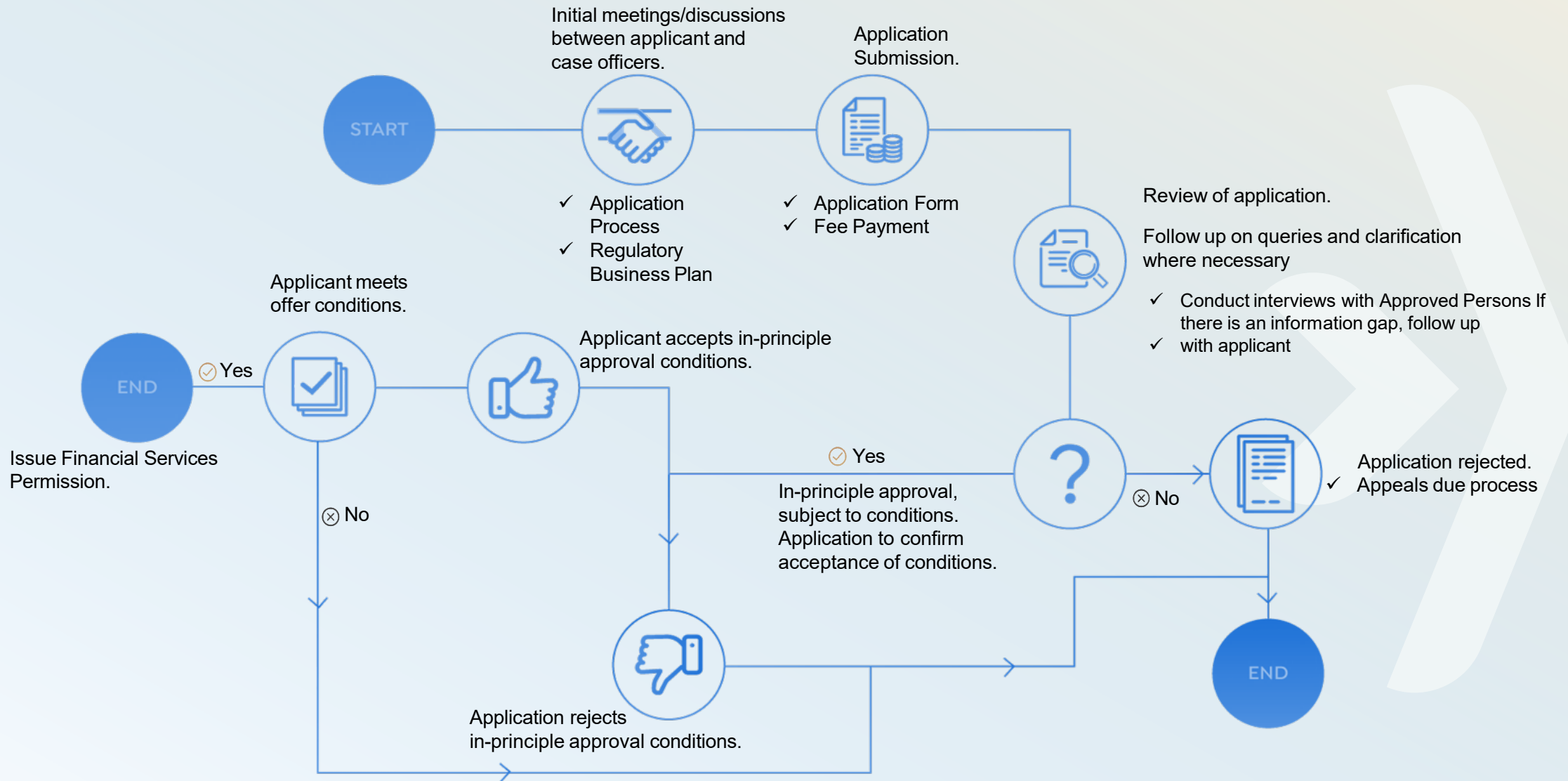


Office Space

An ADGM firm is required to have a physical presence on Al Maryah Island or Al Reem Island, but ADGM itself does not engage in the leasing of premises. This matter is handled by the Client Relationships and Management division at CRM@adgm.com, or you may directly contact the individuals below. FSRA does not impose specific requirements regarding the size of premises, but it should be suitable for the purposes of the financial services offered by an Authorized Firm.

For all office space options and points of contact, please follow this link [here](#).







Should you have any further queries, please
email CRM@adgm.com

With Regards,

Financial Services Regulatory Authority

