

ADGM - INTRODUCING A CALIBRATED VENTURE CAPITAL FUND MANAGER FRAMEWORK IN THE REGION

The ADGM Investment Funds Regime offers excellent flexibility for fund managers to structure a wide variety of funds, including Venture Capital (VC) Funds

Eligibility Criteria

In order to benefit from the Venture Capital Fund Manager framework applicants will need to be able to demonstrate that the following criteria are, and will continue to be, met in respect of each fund that it manages:

Invests in the equity share capital of unlisted, early-stage companies



Has a closed-ended structure



Offered only by way of Private Placement to Professional Investors



Subscription is limited to USD 100 million unless otherwise agreed with the Regulator



Established in ADGM as an Exempt Fund or a Qualified Investor Fund (QIF)

ADGM's Financial Services Regulatory Authority (FSRA) has created a proportionate, risk-based regulatory framework for VC Fund Managers that streamlines the applicable regulatory requirements whilst applying the necessary regulatory safeguards to ensure that they operate in a safe and sound manner.

VC FUNDS:

- Seek private equity stakes in start-ups or young, small or medium enterprises (Early Stage Entities)
- Exhibit certain characteristics that have different risk profiles when compared to other types of investment funds – generally posing less systemic and contagion risk
- Invest in small ventures that are not traded publicly
- Raise funding from professional investors with high levels of financial sophistication and resource
- VC Fund Managers invest own funds alongside investors, thus aligning their interests

Proportionate, risk –based regulatory framework

ADGM provides the following framework for eligible VC Fund Managers:

REGULATORY CAPITAL

- Most prudential requirements are waived
- No minimum regulatory capital requirements
- Must be able to meet all liabilities as they fall due
- Appropriate Public Indemnity Insurance cover is required

CONTROL FUNCTIONS

It is not mandatory for a VC Fund Manager to appoint:

- Internal auditor
- Independent Custodian
- Independent Valuer
- Independent Fund Administrator

KEY PERSONNEL

Must appoint:

- A Senior Executive Officer and one other licensed director with relevant experience*
- Compliance Officer
- MLRO

* 10 / 5 years respectively in either operating a VC Fund / Private Equity Fund or in depth industry experience in the target sectors that the VC Fund will invest.

Why ADGM?

WORLD CLASS INSTITUTIONS AND ADVISORS

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

LEGAL AND REGULATORY

- An independent jurisdiction with its own civil and commercial laws
- Common law directly applicable providing high levels of legal certainty
- Flexibility for additional amendments to regulations as required
- Independent ADGM Courts
- Use of standard form transactional documentation for increased efficiency

TAX ENVIRONMENT

- 0% personal and corporate income tax
- No withholding of taxes
- No restrictions on repatriation of profits
- Growing number of Double Tax Treaties (91 in force and 31 in progress)

EFFICIENT PROCESS AND PROCEDURES

- Fully digital application
- Support with visas and government services

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



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



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



Stable inflation rate of **2%**



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

ADGM - The International Financial Centre Made for Business

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.

Skyline of AL Maryah Island, Abu Dhabi's International Financial Centre

Require more information?

The FSRA team is available to provide more information on the Venture Capital Fund Manager framework. Please feel free to contact us to arrange for a meeting

CONTACT US

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