



# INTERMEDIATE SPECIAL PURPOSE VEHICLES

THE DIFC, JURISDICTION OF CHOICE FOR INTERMEDIATE SPECIAL PURPOSE VEHICLES

Intermediate Special Purpose Vehicles (ISPV) regime provides a new legal type of entity as an option for a parent company in the establishment of an Intermediate vehicle to hold or invest into assets.

DIFC ISPVs are used by a range of different business sectors, typically our Fund Management clients have established an ISPV to help hold and ring-fence liabilities and assets from other fund structures within the same company Group. Also, global conglomerates, regional companies and family businesses use the ISPVs to structure and ring fence certain assets.

ISPV's are a popular risk management tool for our clients, particularly those with businesses that are vulnerable to volatile markets overseas. Setting up a DIFC ISPV is a central strategy for clients, to help mitigate financial, legal and reputational risk to a parent company, and as a succession planning tool for private family owned businesses.

Each DIFC ISPV is set up as a limited company (LTD) or a limited liability company (LLC), and is subject to the DIFC Companies Law and DIFC Companies Regulations. An Intermediate SPV (ISPV) implies that the new holding company will neither be the primary holding entity at the top of a company structure, nor the actual operating entity further down the line in any relevant company structure.

DIFC ISPV STRUCTURE

Activity	Intermediate Holding Company
Classification	Intermediate Special Purpose Vehicle
Description	Includes firms holding or investing into assets as an intermediate vehicle for any one of the following: a DIFC Incorporated Fund; any entity holding assets for a foreign fund managed by a regulated DFSA fund manager; a DIFC holding company, proprietary investment company or a Single Family Office.

A DIFC ISPV can be utilised by the DFSA regulated and non-regulated clients. DIFC ISPV help demonstrate our commitment to offering a business-friendly environment and flexibility in company structuring options, we feel these options may provide additional benefits for private equity houses, family offices and corporates with a presence in the DIFC.

Our unequivocal experience in ISPVs is why the DIFC continues to be the choice for companies.

## WHY A DIFC ISPV?

Our specialist team here at the DIFC can help with information how setting up an ISPV in the DIFC can support your business objectives:

Setting a global standard for a truly supportive business environment



### FINANCIAL EFFICIENCY

- **ZERO TAX** on corporate profits, gains and shareholder returns



### STRONG LEGISLATIVE AND REGULATORY FRAMEWORK

- **100% OWNERSHIP:** Within the DIFC, subsidiaries and other incorporated entities enjoy 100% foreign ownership, governed by a world-class regulatory framework.
- **INDEPENDENT REGULATORY ENVIRONMENT:** DIFC's major success lies in its independent risk-based regulator, the Dubai Financial Services Authority.
- **COMMON LAW FRAMEWORK:** DIFC's legal system and courts follow a common law framework, administered by the DFSA and adjudicated by the equally respected DIFC Courts system. Distinct from the UAE legal system, laws and regulations are issued in English.
- **TAX EFFICIENCIES:** DIFC provides a 50-year guarantee of zero taxes on corporate income and profits, enhanced by the UAE's wide network of double taxation avoidance treaties.
- **NO RESTRICTION ON CAPITAL REPATRIATION:** DIFC based companies face no constraints on capital or profit flows, and there are no currency exchange controls in DIFC's US dollar-denominated jurisdiction.



### ACCESS TO INVESTMENT OPPORTUNITIES ACROSS THE REGION

- **HUB & SPOKE MODEL:** DIFC is an attractive location for treasury centres and regional management to conduct the booking of assets, risk management, product structuring and development, followed by roll-out to branches regionally and globally.
- **ENTRY** to rapidly growing emerging markets.



### SUPPORT FROM THE DIFC NETWORK

- **FINANCIAL SERVICES CLUSTER:** DIFC enjoys a critical mass of companies operating in, or serving, the financial services sector within a fully integrated ecosystem.
- **ACCESS TO TALENT:** With nearly 2.5 million Dubai residents from over 200 nationalities, DIFC is home to a skilled, multicultural and multilingual talent pool of nearly 20,000 professionals drawn to Dubai by the comfortable and high quality of life. In addition, 74 accredited universities in Dubai are providing skilled graduates across all Dubai's economic sectors.



### WORLD CLASS INFRASTRUCTURE

- **RANGE OF ATTRACTIVE** and suitable commercial office options throughout our DIFC 110-acre district, including our new Gate Village the embodiment of DIFC's vision of the future.

We pride ourselves on open and trusted relationships with private and public sector businesses





## HOW CAN A DIFC ISPV BE UTILISED BY YOUR BUSINESS?

Through the set up of a new Intermediate holding company, DIFC ISPVs offer a number of specific uses and benefits:

STRATEGIC	To help organisations to bring single focus to a company objective, by encompassing decision making and accountability within a specific ISPV structure in a new location.
INTELLECTUAL PROPERTY	To help ring-fence intellectual property (IP), for example, when IP is used as security to raise finance and to isolate it from other business risks such as insolvency.
RING-FENCE ASSETS	An ISPV can own assets to reduce the complexity of asset ownership in large companies. By holding assets in an ISPV, any asset can be sold in an isolated vehicle instead of lengthy contract, license and permit processes.
SECURITISATION	An ISPV can be used to finance the purchase of assets by raising capital bonds, asset securitisation utilising an ISPV structure could be a desirable way for a company to raise cash.
RISK SHARING	An ISPV can be used to mitigate risk through the setup of an ISPV to hold assets or liabilities, particularly where the parent company/sponsor may be subject to other volatile markets.
TAX EFFICIENCY	As DIFC ISPV structures are free of tax on corporate profits, gains and shareholder returns, the set-up of an ISPV can help companies improve tax efficiencies, through the set-up of a new Holding Company in the DIFC jurisdiction.
SUCCESSION PLANNING	For single family offices the set-up of an ISPV can help in succession planning, through developing a new governance structure, managing a specific business continuity plan and ring-fencing assets

Grounded by the region’s leading financial centre

## WHO CAN APPLY?

The DIFC favours a substantive approach for companies looking to establish an ISPV. On this basis the following financial and non financial services entities may apply as qualifying applicants:

- Existing DIFC Domestic Collective Investment Schemes regulated by DIFC Collective Investment Law and the DFSA's Collective Investment Rules
- Collective investment scheme established outside of the DIFC but managed by a Fund Manager regulated by the DFSA.
- DIFC Holding entities
- DIFC Proprietary Investment Companies
- DIFC Single Family Offices

Companies may apply to set up a number of ISPVs at the same time, through a single business plan covering the plans of all ISPV activities, providing they complete a new ISPV application form for each ISPV.

## QUALIFYING APPLICANTS

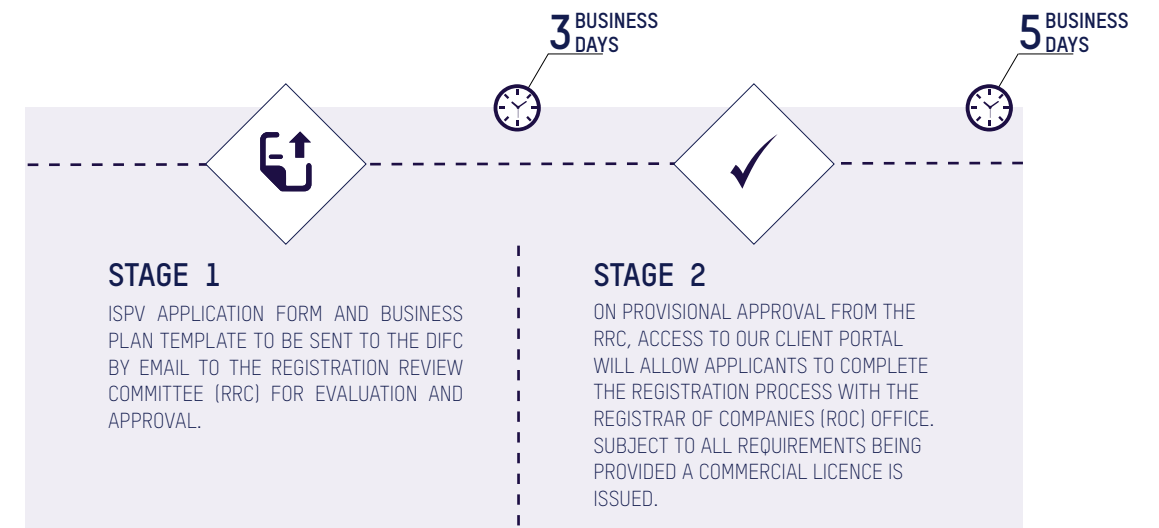
Each Qualifying Applicant must provide sufficient assurances to the DIFC Registrar of Companies that their application for an ISPV will:

- Only be used for purposes that fit into the overall objectives of the DIFC
- Be in line with the requirements of the Qualifying Applicant's regulatory status (inclusive of AML requirements) and the UAE's obligations under the OECD's Common Reporting Standard.

## TIMING - FAST AND EFFICIENT SET UP

We pride ourselves on meeting your needs efficiently, and offer an online ISPV application process through our DIFC Client Portal. For greater efficiency, a single business plan covering a number of ISPV requests can be processed at the same time.

## THE APPLICATION PROCESS



## WHERE TO FIND MORE INFORMATION

ROC published list of activities:

<https://www.difc.ae/operating/registrar-companies/non-financial-activities/non-retail-activities>

ROC ISPV handbook:

<https://www.difc.ae/operating/registrar-companies/handbook-fees>

# INITIAL AND RECURRING COSTS

DIFC ISPVs are offered on competitive terms.

FEES	ISPV/INTERMEDIATE HOLDING
APPLICATION FEE	\$1,000
COMMERCIAL LICENSE	\$3,000
FILLING OF ANNUAL RETURN	\$800
DATA PROTECTION REGISTRATION Will be decided based on the options selected on the Data Protection section at the time of filling the Incorporation/Registration Application	
Entity Does Not Intend To Process Personal Data	\$0
Prior To Or Immediately Upon Personal Data Processing	\$ 500
Permit to transfer personal data outside DIFC under Article 12(1)(a) of the Data Protection Law	\$150
Permit to process sensitive personal data under Article 10(2) of the Data Protection Law	\$150
DATA PROTECTION RENEWAL If the client is processing data	\$250
DATA PROTECTION RENEWAL If the client is not processing data	\$0

# GET IN TOUCH

Our specialised team have a deep business knowledge of the region, and can offer no obligation help on all DIFC ISPV related matters, for further information, please contact: [setup@difc.ae](mailto:setup@difc.ae), we'll get back to you within 48 hours.

# DIFC ISPVs: KEY HIGHLIGHTS



PARENT  
COMPANIES  
SPECIFICALLY

- Limit financial risk exposure
- Limit reputational risk exposure
- Accelerates income generation projects



FOR ALL  
COMPANIES

- Independent legal structure
- Tax efficiency – free of corporate tax
- Reduces corporate burden of attestation of documentation
- Increase external investment opportunities
- No requirement to maintain leasehold premises within the DIFC or no additional lease requirements for existing DIFC companies
- Clear annual reporting requirements

Join the conversation



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**GATEWAY TO GROWTH**  
**ADVANCE. ENGAGE. ENJOY.**