

ALPHA MANAGEMENT LIMITED

Corporate Advisors, Consultants and Administrators for Offshore Companies, Trusts and Free-Zones

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ABU DHABI GLOBAL MARKET FOUNDATIONS REGIME

Abu Dhabi Global Market [ADGM] is a broadly based international financial centre serving local, regional and international institutions from the capital city of United Arab Emirates [UAE]. As a financial free zone with an independent jurisdiction, it was established in accordance with Federal Law No (8) of 2004, Federal Decree No (15) of 2013, Cabinet Resolution No (4) of 2013 and Abu Dhabi Law No (4) of 2013. ADGM has three independent authorities, Financial Services Regulatory Authority (FSRA), Registration Authority and ADGM Courts operating under common law. These three authorities ensure that ADGM offers a professional yet business-friendly environment operating with the best practices and recognised by all the major financial centres across the world.

FOUNDATIONS

The ADGM Foundations Regime was introduced in 2017 as a common law alternative to trusts for financial planning and structuring purposes. Foundations, like trusts, are utilised for a variety of purposes including wealth management, family wealth preservation, succession and tax planning, asset protection, corporate structuring, and for public interest foundations (excluding charities) across generations. Unlike trusts however, Foundations are incorporated as a separate legal entity with their own distinct attributes and legal personality. In this respect, foundations are similar to companies but without shareholders and offer clients the opportunity of using a local structure within a regulated Tier 1 financial centre in the UAE instead of having to rely on vehicles from outside the region. ADGM Foundations are fast and simple to set up and manage with straightforward ongoing reporting requirements.

STRUCTURE AND APPOINTMENTS

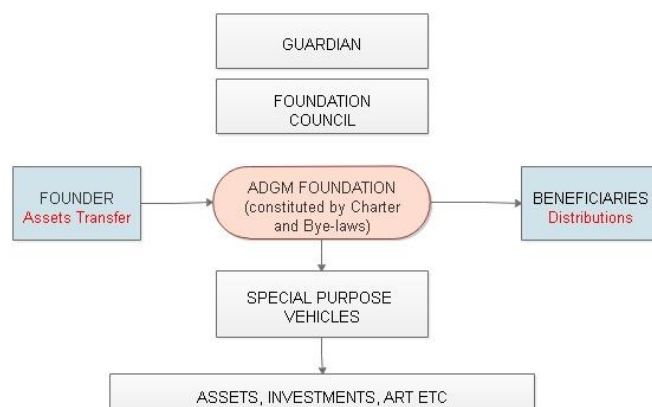
Documents for a Foundation:

- Charter (public information which includes name of the foundation, address and service providers)
- By-Laws (Private and includes constitutional and beneficiary information)

Model Foundation, Charter and By-Laws are available on the ADGM website, for guidance purposes only and set out the minimum information which must be provided in accordance with subsection 9(2) of the ADGM Foundations Regulations 2017, and should be read in conjunction with the relevant ADGM Regulations and Rules, in particular the ADGM Foundations Regulations 2017. We recommend a bespoke Charter and By-Laws be prepared through lawyers.

Members of a Foundation and Mandatory Appointments:

- Founder: A natural or legal person who endows the Foundation with a portion of his 'Initial Assets'. At least 1 founder must be appointed.
- Councilor: Legal person who manages and administers the assets of the Foundation. At least 2 council members must be appointed.
- Guardian: Appointment of a Guardian is optional when the Founder is alive and compulsory on the death of the Founder.
- Designee: Appointment of a Designee is compulsory only if a Beneficiary is not nominated by the Foundation.
- A Council Member cannot be the same as a Guardian and vice versa + A Council Member can be the same person as a Founder.
- A Guardian can be the same person as a founder or a beneficiary, but a sole beneficiary may not be appointed as a Guardian i.e. If there is only 1 active Beneficiary, that same person cannot be a Guardian.
- Appointment of Registered Agent is optional. If the Foundation is not taking separate office space, then it is required to appoint a Registered Agent. Alpha Management Limited can act as the Registered Agent and provide office address.



FEATURES, REGULATIONS AND ADVANTAGES

- ADGM Foundations Regulations follow international best practice and set a legislative standard for the Foundation Council. This standard includes statutory duties, such as those similar to common law and equitable duties of directors pursuant to the ADGM Companies Regulations 2017.
- Access to UAE's DTA's is available subject to the Ministry of Finance requirements.
- Assurance through Guardian oversight: - Guardian supervises the Foundation Council and ensures that it acts in accordance with the Foundation's Charter and By-Laws. Appointment of the Guardian is compulsory upon Founder's death and optional during Founder's lifetime.
- A Foundation provides a robust governance structure: - Foundation Council acts in an equivalent manner to a board of directors. Council members' duties are prescribed in the Foundations Regulations.
- Distinct legal personality, unlike a Trust: - Having a legal personality provides Foundations with flexibility to enter into contracts and arrangements directly, as a company would be able to.
- Separation of liability whilst maintaining control of assets: - A distinct legal entity which allows for separation of liability between Founder and the Foundation.
- Perpetual existence after lifetime of Founder: - Like a company, a Foundation is a perpetual concept, allowing arrangements to continue and therefore providing certainty after the Founder's death.
- Asset protection mechanisms: - Increased protection from bankruptcy claims, claims in the event of divorce and from the effect of forced heirship rules.

REQUIRED FOR ALL INDIVIDUAL MEMBERS (please ask for documents required for corporates)

- Brief CV – personal, educational and professional details
- Passport Copy (certified by lawyer unless we see original)
- Original proof of residence address – less than 3 months old (i.e. Utility bill)
- Original Bank statements (3 months) or Bank Reference letter addressed to Alpha Management Limited
- UAE Visa or Passport with UAE stamp for authorised signatories

INCORPORATION PROCESS

There are various procedures to be followed during incorporation and the whole process can take up to 2-3 weeks. This includes submitting the chosen name of the Foundation according to the prescribed regulations, submission of the Resolutions, Charter, By-Laws and compliance documents of Founder, Council Members, Guardian, Authorised Signatory and Registered Agent (if appointed) or Lease Agreement if leasing separate office. Please consult us for further details.

COSTS

Cost of setting up including ADGM fees and Alpha Management incorporation fees + provision of registered agent service: US\$ 2,250
Annual renewal including ADGM fees and Alpha Management service fees + provision of registered agent service: US\$ 1,750

Ongoing obligations: - Annual accounts are to be maintained and preparation of Audit Report. ADGM charges US\$ 100 for every notification of change. If registered agent not selected, then there will be an additional cost of leasing suitable premises. Fees for two Council Members if required which Alpha Management can provide for an additional fee.