UAE FOUNDATIONS

JUNE 2018

It was great to welcome Yann Mrazek, the Principal of M/HQ in Dubai, to Guernsey earlier this month (June 2018).

His STEP Talk about the Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market's (ADGM) new foundations laws and regulations was of great interest to those of us in Guernsey who regularly work with GCC clients and who travel to the region regularly.

After many years of uncertainty, complexity and expense in structuring onshore UAE assets – particularly real estate – it is now clear that those assets can be directly held by and registered in the name of ADGM or DIFC foundations. This is a huge step forward.

There are robust firewall measures in place to ensure that common law and modern legislation will apply to these new structures and that the assets will be removed from the onshore regime.

So, what can we expect to see?

- There is likely to be a move away from the old style JAFZA/BVI holding regime and towards holding onshore assets directly through ADGM/DIFC foundations.
- Guernsey and Jersey foundations and trusts may well be named as beneficiaries of the ADGM/DIFC foundations which will enable a degree of value to be moved across into a family's wider estate planning structures if they have cross-border assets.
- Guernsey and Jersey trust and foundations experts may well be appearing in minority advisory roles as Councillors or Guardians within the ADGM/DIFC foundation structures in order to impart knowledge and experience given the existing track record of the Channel Islands in this space.

With the 51/49 foreign ownership rules in the UAE being relaxed further by the end of the year, it certainly feels like an exciting period for the region and also for those who advise its clients.

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FOR MORE INFORMATION PLEASE CONTACT:

ANGELA CALNAN

Partner // Guernsey

t:+44 (0) 1481 734233 // e:angela.calnan@collascrill.com

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