



Frequently Asked Questions
for
Representative Offices

FREQUENTLY ASKED QUESTIONS

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Introduction

These frequently asked questions (FAQs) have been prepared to assist Authorised Firms Operating as a Representative Office in the DIFC. In preparing the FAQs, the DFSA has drawn upon actual topics of discussion and questions that have been raised with the DFSA. These FAQ's are designed to provide general assistance only and should be read in conjunction with the DFSA Rulebook and other relevant legislation in force as published on the DFSA's website.

This document is not intended to be a complete guide to the DFSA's Representative Office regime. Accordingly, we recommend that you read the Rules that apply to a Representative Office, especially the relevant GEN Rules and the REP Module. Please see Question 1 below, which provides easy navigation to these Rules.

These FAQs will be reviewed and updated periodically and we encourage Authorised Firms to re-visit this document regularly.

Defined Terms

In this document, defined terms are identified by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the [Glossary Module \(GLO\)](#) of the DFSA Rulebook. Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

DFSA Rulebook and Sourcebook Modules that apply to a Representative Office

1) What are the key DFSA Rulebook and Sourcebook Modules that apply to a Representative Office?

The following Rulebook and Sourcebook Modules apply to a Representative Office and can be accessed by “clicking” on the link:

- [Representative Office Module](#) (REP)
- [General Module](#) (GEN)
- [Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module](#) (AML)
- [Glossary Module](#) (GLO)
- [The Collective Investment Rules](#) (CIR)
- [Fees Module](#) (FER)
- [Application Forms and Notices](#) (AFN)
- [Regulatory Policy and Process](#) (RPP)

The first four Modules above are likely to be those most regularly used by a Representative Office. Note that the [Regulatory Law 2004](#) also applies to a Representative Office. It contains many of the DFSA’s key supervisory and enforcement powers which it uses to regulate financial services activities in the DIFC.

Permitted Activities of a Representative Office

2) What are the key DFSA Rulebook and Sourcebook Modules that apply to a Representative Office?

The following Rulebook and Sourcebook Modules apply to a Representative Office and can be accessed by “clicking” on the link:

- [Representative Office Module](#) (REP)
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- [Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module](#) (AML)
- [Glossary Module](#) (GLO)
- [The Collective Investment Rules](#) (CIR)
- [Fees Module](#) (FER)

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- [Application Forms and Notices](#) (AFN)
- [Regulatory Policy and Process](#) (RPP)

The first four Modules above are likely to be those most regularly used by a Representative Office. Note that the [Regulatory Law 2004](#) also applies to a Representative Office. It contains many of the DFSA's key supervisory and enforcement powers which it uses to regulate financial services activities in the DIFC.

3) What activities can a Representative Office undertake in the DIFC?

The Financial Service of Operating a Representative Office is defined in GEN Rule 2.26. It means the marketing by a Person of one or more financial services or financial products which are offered in a jurisdiction other than the DIFC. GEN Rule 2.26 defines "marketing" as:

- (a) providing information on one or more financial products or financial services;
- (b) engaging in promotions in relation to (a); or
- (c) making introductions or referrals in connection with the offer of financial services or financial products.

Under REP Rule 4.1.2, a Representative Office must not represent anyone other than itself or a member of its Group. The term "Group" is defined in GLO.

4) How do Representative Office activities differ from 'Advising'?

The information which a Representative Office can give to a potential customer is limited to general information about the financial services or financial products of its related parties.

Only a firm that is licensed to conduct the Financial Service of 'Advising on Financial Products' can give advice to an investor or potential investor on the merits of that Person (either as principal or agent), buying, selling, holding, subscribing for or underwriting a particular financial product.

5) How do Representative Office activities differ from 'Arranging'?

A Representative Office can introduce or refer potential customers to a related party that provides financial products or financial services. In contrast, a firm licensed to conduct arranging activities i.e. Arranging Deals in Investments, Arranging Credit and Advising Credit, Arranging Custody and Insurance Intermediation (referred to here as an 'arranging firm') can make such introductions or referrals to financial service providers, without such a provider having to be a related party of the arranging firm.

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Examples of activities which a Representative Office is not permitted to undertake but can be undertaken by an arranging firm are set out in in Guidance in REP 1.3.¹

6) If a Representative Office only collects and sends potential customer information to its related parties, will it consider being an ‘Arranging’ activity?

No.

Generally, a Representative Office will not be regarded as carrying on ‘arranging activities’ if it merely acts as a mail box for collecting and sending customer information (including KYC related information) provided by the potential customers to the financial product/service provider. Guidance in paragraph 13 in REP 1.3 sets out examples of activities a Representative Office can undertake that would generally not be regarded as carrying on ‘arranging activities’.

7) What, in the context of a Representative Office’s marketing activities, are “financial services” and “financial products”?

The term “financial services” in GEN Rule 2.26.1(1) is broad and includes any activity that is considered a financial service not only in the DIFC but also in the jurisdiction where the service is being provided by the Representative Office’s Head Office or by another member of its Group.

On the other hand, the term “financial product” is limited to what would be considered an Investment, a Credit Facility, a Deposit, a Profit Sharing Investment Account, or a Contract of Insurance under the DFSA Rules². These products are separately defined in the [Glossary Module \(GLO\)](#).

8) Can a Representative Office market the financial products or financial services of a non-Group company?

No.

Under REP Rule 4.1.2, a Representative Office must not represent anyone other than itself or a member of its Group. In situations where its Head Office or Group companies market non-Group products or services, a Representative Office can make generic reference to third party products or services which it offers access to via a Group company. However, it must do so without mentioning the name of any third party providers, and a Representative Office must not make reference to any non-Group financial products or financial services in any of its marketing material.

¹ See Guidance note 11 to REP 1.3

² See GEN Rule 2.26.1(3)

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9) Can a Representative Office arrange Investments, Credit or Insurance for a Person?

No.

A Representative Office can merely make referrals or introductions³ to another Person in its Group who would provide such arrangements. If the Representative Office wished to receive and transmit orders itself it would need to upgrade the scope of its Licence to include the Financial Service of Arranging Credit or Deals in Investments⁴ or, in the case of insurance products, the Financial Service of Insurance Intermediation⁵.

10) Can a Representative Office provide Advice regarding Investments, Credit or Insurance?

No.

A Representative Office can only provide mere information⁶. If it wished to provide opinions, recommendations, or specific advice (as defined in GEN Rule 2.11.1) it would need to upgrade the scope of its Licence to include the Financial Service of Advising on Financial Products or Credit⁷ or, in the case of insurance products, the Financial Service of Insurance Intermediation.

11) Can a Representative Office distribute Investment Research?

A Representative Office wishing to distribute Investment Research will need to ensure that it does not contain advice on financial products or credit as defined in GEN Rule 2.11.1 (which of course includes any recommendation, explicit or implicit, to buy, sell or hold a particular Investment).

Where research is provided, it must include a clear warning on the face of the research that it is provided for information purposes only, that it should not be relied or acted on by the recipient, and that it is not a recommendation by the Representative Office for the recipient to buy, sell or hold a particular Investment.

12) Can a Representative Office distribute a Prospectus?

Yes.

If a Representative Office wishes to distribute a Prospectus from its premises in the DIFC, it should ensure that in doing so it does not provide advice (as defined in GEN

³ See GEN Rule 2.26.1(2)

⁴ See GEN Rule 2.9

⁵ See GEN Rule 2.19

⁶ See GEN Rule 2.26.1(2)

⁷ See GEN Rule 2.11

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Rule 2.11.1) on the subject matter of the Prospectus or arrange (as defined in GEN Rule 2.9.1) for a Person to buy or sell the relevant Securities. It should place a disclosure on the face of the Prospectus that the Prospectus is provided for information purposes only, that it should not be relied or acted on by the recipient, and that it is not a recommendation to buy, sell or hold a particular Investment. It should also take reasonable steps to ensure that the recipient cannot otherwise assume that the Investment Prospectus is intended to be acted upon, for example, by removing from any Prospectus the associated subscription or application forms.

13) Can a Representative Office market funds under its Licence?

Yes.

As with question 8 above, a Representative Office which markets a fund should ensure that in doing so it does not provide advice (as defined in GEN Rule 2.11.1) or arrange (as defined in GEN Rule 2.9.1) for a Person to buy or sell a fund. It must also ensure that it only markets funds that meet the criteria set out under section 4.7 of REP.

14) Can a Representative Office market the products of a related party located in the DIFC?

No.

A Representative Office is prohibited from marketing financial services or financial products offered by a related party if that party is in the DIFC. For example, if a Representative Office has a Group member which is established in the DIFC, the Representative Office cannot undertake marketing activities relating to the financial products and financial services offered by that Group member.

15) Can a Representative Office have clients?

No.

A Representative Office cannot have Clients.

16) Can a Representative Office have a continuing relationship with the Persons to whom marketing is directed?

Whilst much Representative Office activity will not involve a continuing relationship with the Persons to whom marketing is directed, where such a relationship is

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necessary, the Representative Office will need to be careful to ensure that it does not carry on any activities other than those prescribed under GEN Rule 2.26.2.⁸

A Representative Office can carry out the marketing activities in GEN 2.26 with the same Person on more than one occasion, but the Representative Office must ensure it does not act outside of the scope of the limited activities permitted by its Licence when dealing with such a Person.⁹

17) Can a Representative Office fill in, or assist another Person in filling in, an application form for a financial product?

No.

A Representative Office may not fill in or assist in filling in an application form for financial products¹⁰ as this would amount to the Financial Service of Arranging Credit or Deals in Investments or Insurance Intermediation, as the case may be, and the Representative Office would be acting beyond the scope of its Licence in doing so. The core business of a Representative Office is to make referrals or introductions to another Person and provide mere information on Group companies, services or products.

18) Can a Representative Office forward orders in relation to a financial product to a Group member who is the provider of the financial product?

No.

Under GEN Rule 2.26.1, a Representative Office is prohibited from receiving and transmitting orders in relation to a financial product. Accordingly, if the Representative Office intends to only provide a mailing service (see question 6) it will need to take steps to ensure that it does not breach this Rule.

19) Can a Representative Office market the foreign exchange (“FX”) and other highly-leveraged products (“HLPs”) of its Head Office or Group?

No.

The DFSA has functions and objectives under the Regulatory Law 2004, including the protection of direct and indirect users and prospective users of the financial services industry in the DIFC.¹¹ Pursuant to this, the DFSA has issued two “Dear

⁸ See Guidance note 4 to REP 1.1

⁹ See Guidance note 4 to REP Rule 1.1.1

¹⁰ See GEN Rule 2.26.1(3) for meaning of financial product

¹¹ See Regulatory Law 2004, Article 8 (3)(e)

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SEO” letters directly related to FX and HLPs. The first, issued in March 2014¹², set out the additional controls that a firm seeking to provide FX and HLP type products and services to Retail Clients must put in place. The second letter, issued in April 2015¹³, announced that the DFSA would no longer accept any application to establish a Representative Office in the DIFC from an entity which proposed to undertake the marketing of FX or HLPs to Persons who may meet the definition of a Retail Client. As the very limited scope of a Representative Office’s activities would not allow it to identify where such measures might be appropriate, the overall result is that Representative Offices cannot market FX and other HLPs in or from the DIFC.

Staff

20) Where can I find the relevant forms for a change in Principal Representative?

For a change in Principal Representative two forms must be submitted to the DFSA:

1. The AFN AUT - IND 4 Form is for the individual applying to become a Principal Representative. This form can be found in the DFSA ePortal (see question 30)
2. The [AFN AUT - IND 3](#) Form is for the individual applying to be withdrawn as the outgoing Principal Representative. This form can be found in the DFSA ePortal (see question 30)

Once the above forms have been submitted, the DFSA may request additional information and/or conduct an interview with the individual applying to become a Principal Representative before making a decision on the application. Please refer to [Section 2-3 of the RPP Sourcebook](#) for more information on the matters the DFSA takes into account in assessing the fitness and propriety of a Principal Representative.

21) Does the Principal Representative need to be resident in the UAE?

Yes.

Please refer to REP Rule 4.2.2 (1).

22) Is there a maximum number of staff that can work in a DIFC Representative Office?

No.

We have not prescribed a maximum number of staff for Representative Offices. This is because we expect the number of staff in any Representative Office to reflect, for example, the nature of the business of the Head Office and that of any Group

¹² See [Dear SEO](#) letter dated 13 March 2014 entitled “Retail Foreign Exchange (“RFX”) Transactions in the DIFC”

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¹³ See [Dear SEO](#) letter dated 19 April 2015 entitled “The marketing of foreign exchange (“FX”) and other highly-leveraged products (“HLPs”) to retail investors by Authorised Firms and Representative Offices”

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companies. A large, multi-national entity with many Group companies may possibly need more representatives on the ground than a small single office entity. However, the DFSA will closely monitor Representative Offices which employ, on a permanent or temporary basis, a significant number of staff apparently out of keeping with the limited marketing activities it is allowed to conduct.

23) Does a Representative Office require a Compliance Officer or Money Laundering Reporting Officer (“MLRO”)?

No.

The Principal Representative is responsible for the day to day operation of the Representative Office, including its compliance and anti-money laundering (“AML”) obligations. However, a Representative Office’s Head Office (or appropriate Group office) may assist the Representative Office in complying with its AML obligations.

24) Can staff from the Head Office (or other Group overseas jurisdiction) of a Representative Office undertake marketing visits to the DIFC?

As long as the visits by relevant Head Office or Group overseas staff are temporary, no more than occasional, and limited to the activities which the Representative Office itself is permitted to carry out under its Licence, then such visits are permitted.

A Representative Office should ensure that such staff are made fully aware of the relevant rules applying to the Representative Office when undertaking marketing visits to the DIFC so as not to breach those rules or the Financial Services Prohibition under Article 41 of the Regulatory Law 2004 or the Financial Promotions Prohibition under Article 41A of the of the Regulatory Law 2004.

The fact that such staff may be authorised to carry out certain activities at the Head Office (or other Group company) does not mean they are authorised to carry those activities out in the DIFC.

Premises

25) Can a Representative Office share an office with another Authorised Firm?

No. However:

- The DFSA would not consider that an Authorised Firm is sharing an office if that firm were located in serviced offices which were also the place of business of another Authorised Firm.¹⁴
- In situations where a Representative Office proposes to share an office with another Group company which is already established as an Authorised Firm in

¹⁴ See REP Rule 4.1.2 and Guidance note

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the DIFC the DFSA may, in certain circumstances, permit office sharing. If a Representative Office proposes to do this it must apply for a modification of REP Rule 4.1.2.

Supervision

26) What is the DFSA's supervisory approach to Representative Offices?

The DFSA expects to undertake a post-authorisation visit to each Representative Office as well as undertaking ad hoc visits as part of the usual approach to supervising Authorised Firms. The DFSA will also include Representative Offices in relevant thematic reviews and visits.

27) What are the reporting requirements for a Representative Office?

The following reporting obligations are applicable for a Representative Office:

AML Requirements:

- Annual AML Return – this online form must be completed annually through the DFSA ePortal and submitted by the end of September each year. The annual AML Return must cover the period from 1 August of the previous year to 31 July of the reporting year.
- Suspicious Activity Reports (SAR) - SARs must be sent to the UAE Central Bank's Financial Intelligence Unit (FIU) and the Firm must notify the DFSA of the making of such SAR immediately following its submission to the FIU. The notification of the SAR should be done through the online SAR Notification Form on the DFSA ePortal.

Collective Investment Rules Reports

- Representative Offices engaged in the marketing of Foreign Funds (as per REP Rule 4.7) are required to comply with CIR Rule 15.1.10 (Offer or Transaction in respect of Foreign Fund or Domestic Fund).
- A [CIR Form](#) must be completed if the Representative Office is marketing Foreign Funds and returned to the DFSA within four months of the Representative Office's financial year end.

28) What should a Representative Office notify the DFSA about?

A Representative Office must notify the DFSA of a change in its:

- name;
- legal status;
- Controller(s); or
- address.

In addition, a Representative Office must notify the DFSA of any breach of:

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- a Rule or of provision of DFSA-administered legislation by the Representative Office; and
- any materially adverse information which would on reasonable grounds be considered likely to affect the fitness and propriety of the Representative Office or Principal Representative.

How to apply to be a Representative Office

29) How do I get authorised?

An applicant should contact the Dubai International Financial Centre Authority (“DIFCA”) and also the [DFSA Authorisation Enquiries](#) Team.

30) Which application form should I use for my application?

In order to submit an application, a Representative Office applicant should contact the DFSA to get access to the DFSA ePortal to submit the online form. A Representative Office applicant is required to submit the AUT-IND4 form, which is available on the DFSA ePortal, and also submit online the Authorised Individual status or Principal Representative Application.

31) Do you only accept Representative Office applications from the banking sector?

No.

We also accept applications from all financial services sectors including securities, asset management and insurance.

32) How much are the fees for operating a Representative Office?

The application fee for a Representative Office is USD 4,000 along with an initial annual fee pro rata for the first year of authorisation. Thereafter, annual fees are USD 4,000.¹⁵

33) My firm is regulated by a Self-Regulatory Organisation (“SRO”) and not by a Financial Services Regulator in its home state. Can I apply to be a Representative Office?

Yes.

However, an applicant Representative Office would need to show that the relevant SRO provides the equivalent standard of regulation and supervision as a Financial

¹⁵ See the FER module

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Services Regulator. Furthermore, the DFSA would need to be satisfied with the confidentiality regime of the relevant SRO and its ability to cooperate and share information with the DFSA.

This is because the DFSA relies on the Representative Office's home state regulation and supervision to ensure that the Representative Office (and its Head Office and wider Group) is properly regulated and supervised to international standards.

Application for a Variation of Licence

34) I am currently regulated by the DFSA. Which application form should I use to change my Licence?

The [Variation of Licence form](#) should be used by an existing Authorised Firm wishing to downgrade/upgrade its Licence.

35) Can I only downgrade my Licence from Category 4 to Representative Office status?

No.

It is possible to downgrade from any type of Licence to Representative Office status. However, if you have any existing Clients, you will need to bring your relationships with them to an end as part of the downgrade process. A Representative Office cannot have Clients (see question 15).

36) I am a Category 4 firm but only carry on the activities of a Representative Office. Will I be forced to downgrade my Licence?

No.

Furthermore, if you wish to retain the ability to carry on other Financial Services such as Advising or Arranging with or for your Clients you cannot downgrade.

37) I am an existing Authorised Firm which currently markets Group services/products. Do I need to apply to DFSA to be granted a Licence for Operating a Representative Office?

No.

Any Authorised Firm can carry on these marketing activities in addition to, or as part of, the other Financial Services it is currently licensed to carry on.

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38) Does an Authorised Firm which is currently constituted as a subsidiary need to be reconstituted as a Branch if it converts to a Representative Office?

Yes.¹⁶

Also note, as mentioned above, that if the firm has any existing Clients, it will need to bring its relationships with them to an end as part of the downgrade process.

39) Will an Authorised Firm which converts to a Representative Office be given a rebate on its fees?

The DFSA has discretion to give firms which convert to a Representative Office a pro rata rebate on their fees from the end of the month in which their status converts.¹⁷

Representative Office Names

40) What trading name is a Representative Office allowed to use?

A Representative Office must be a branch and so its legal name will be the same as its Head Office.

However, in order not to mislead consumers the DFSA will require a Representative Office to ensure that its trading name and style adequately describes the very restrictive nature of its Licence.

For example, a Representative Office of ABC Bank would have to use the trading name "ABC Bank (DIFC Representative Office)".

DFSA Contacts

41) How do I contact the DFSA?

If you have a question regarding the DFSA Representative Office regime that is not answered here please submit your written question via the [Contact Us](#) section on the DFSA website and we will endeavour to answer it.

Please direct all applications to become a Representative Office via the [Contact Us](#) section on our website. If your firm is already a licensed Representative Office please direct all queries through the [Supervised Firm Contact Form](#).

¹⁶ See REP Rule 2.1.2(2)

¹⁷ See FER Rule 1.2.5