

**Decision of the Chairman of the SCA Board of Directors No. (... / R.M) of 2017**

**Concerning the Regulations as to the Private Fund Limited Partnership**

**The Chairman of the Board of Directors of the Securities and Commodities Authority,**  
having perused

- The Federal Law No. (2) of 2015 concerning Commercial Companies;
- The Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market, and amendments thereof;
- The Federal Decree No. (28) of 2016 concerning the Formation of the Cabinet of the United Arab Emirates;
- The Cabinet Resolution No. (324/11 and / 23 M) of 2014 concerning the Restructuring of the Board of Directors of the Securities and Commodities Authority;
- The Cabinet Resolution No. (13) of 2000 concerning the Regulations as to the Functioning of the Emirates Securities and Commodities Authority, and amendments thereof;
- The Cabinet Resolution No. 12 of 2000 concerning the Regulations as to Listing of Securities and Commodities, and amendments thereof;
- The Chairman of the SCA Board of Directors Decision No. (9 / R.M) of 2016 concerning the Regulations as to Mutual Funds, and

The approval of the Board of Directors at its meeting ....., and

Based on the requirements of public interest,

**Has decided:**

**Definitions**

**Article (1)**

The following words and expressions shall have the meanings assigned thereto unless the context indicates otherwise:

- State:** The United Arab Emirates.
- Law** The Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market.
- SCA / Authority:** The Securities and Commodities Authority.

<b>Board</b>	The Board of Directors of the SCA.
<b>Market:</b>	The securities market licensed by the SCA in the UAE.
<b>Investment Fund</b>	A financial instrument that initiates the collection of funds from investors for the purpose of investment in return for the issuance of investment units of equal value.
<b>Private Fund Limited Partnership (PFLP)</b>	A fixed capital fund, organized by a partnership agreement, incorporated in the State by one general partner or more and one limited liability partner or more. Its units can be redeemed in accordance with the partnership agreement signed between its partners.
<b>General Partner (G.P)</b>	A management company licensed by the SCA to engage in the establishment and management of investment funds in accordance with the SCA Board of Directors' Decision No. (9) of 2016 concerning the Regulations as to Mutual Funds.
<b>Limited Liability Partner (L.P)</b>	<p>A natural or corporate person that is capable to manage, <b>follow up and protect</b> his/its own investments, as follows:</p> <ol style="list-style-type: none"> <li>1. Federal and local governments, government institutions and authorities, or companies wholly owned by them.</li> <li>2. <b>Public pension funds, corporate pension funds, insurance companies, sovereign funds, Endowments (Waqf), and family businesses.</b></li> <li>3. International bodies and organizations.</li> <li>4. A person licensed to engage in a commercial activity in the State, provided that one of his/its purposes is investment.</li> <li>5. A natural person with a financial solvency who acknowledges that his annual income is not less than AED (3) million per year, or his net equity - with the exception of his main residence – is AED (7) million. He must acknowledge that he has adequate knowledge and expertise either by himself or with the assistance of a Financial Advisor.</li> <li>6. A person represented by an Investment Manager licensed by the SCA <b>or by a similar regulator.</b></li> </ol>
<b>Partnership Agreement</b>	<b>The agreement signed between the General Partner and the Limited Partner to organize the partnership between them in accordance with the provisions of these Regulations.</b>
<b>Fund Assets</b>	Assets, properties, monies, guarantees and sureties of the fund, as well as all things related to its activities and investments, and its rights such as the right of ownership, usufruct, right of use and any associated related rights.

## **Article (2)**

### **Scope of Application**

1. The provisions of these Regulations shall apply to private funds limited partnerships.
2. A private fund limited partnership shall be subject the scope application set forth in the SCA Board of Directors' Decision No. 9 of 2016, except for clause (1).

## **Article (3)**

### **General Provisions**

1. The General Partner shall be fully liable in all its funds for the liabilities of the Fund. In the case of more than one General Partner, they shall be jointly liable. The Limited Liability Partner shall be liable only to the amount of its shareholding to the Fund's capital.
2. A change, bankruptcy, default, loss or lack of capacity, death, or the lapse of corporate personality of the General Partner or Limited Partner shall not result in the winding up or dissolution of the Fund.
3. The Private Fund Limited Partnership shall acquire corporate personality in accordance with Article (5) of the SCA Board of Directors' Decision No. (9) of 2016, except for clause (5).
4. The Authority shall have the right to supervise, inspect and impose sanctions on the General Partner in accordance with Articles 39 to 41 of the SCA Board of Directors' Decision No. 9 of 2016.

## **Licensing of the Private Fund Limited Partnership**

### **Article (4)**

1. The application for the Fund's license shall be submitted to the SCA by the General Partner or his authorized representative, excluding the Limited Liability Partner, on the form prepared for this purpose enclosing the documents and data supporting the application, including at least the following:
  - a. The trade name of each general partner, date of establishment and headquarters thereof.
  - b. The full or trade name of each Limited Partner, nationality, date of birth or incorporation date, place of residence or headquarter thereof.
  - c. The name of the Fund, subject to the addition of the term "Limited Partnership Fund" at the end of the name.

- d. Place, address and contact details of the Fund.
  - e. A duly certified true copy of the Partnership Agreement.
  - f. A declaration signed by the General Partner to meet the required capital.
  - g. Any other data or information required by the Authority.
2. The General Partner shall pay the license fee of the Fund **being the sum of AED (.....)**.
  3. The SCA shall issue its decision to approve the application for license, or reject it for incompleteness, invalidity or for the requirements of public interest within a period of no longer than (30) working days from the date of submission of the complete application.
  4. The SCA shall issue a license certificate containing the name of the Fund, the number and date of its registration, with annotation indicating private Fund Limited Partnership having an independent corporate personality.
  5. The Authority shall keep a register of data for all private funds limited partnership and may amend or write off such data or may revoke the license of the Fund.
  6. The General Partner shall not be allowed to start the management of the Private Fund Limited Partnership unless the SCA's decision to license it is issued.

## **General Partner**

### **Article (5)**

1. The General Partner shall abide by the obligations of the management company mentioned in articles (26, 27) of the SCA Board of Directors' Decision No. (9) of 2016.
2. The management of the Fund shall be limited to the General Partner who may outsource its functions relating to the Private Fund Limited Partnership to third parties in accordance with the Partnership Agreement, while continuing to be responsible for such functions.
3. The General Partner shall prepare a partnership agreement between it/him and the Limited Liability Partner to contain all key data of the Fund and the partners, including:
  - a. Rights and obligations of each partner, the mechanism to terminate or amend the Partnership Agreement, or change of any partners or assignment of its shareholding;
  - b. Identify the General Partner that will be in charge of management before the SCA if the Fund is established by more than one General Partner.
  - c. The mechanism and conditions for the elapse or liquidation of the Fund.
  - d. Any other requirements required by these Regulations, or necessary for the agreement.
4. Not to include in the Partnership Agreement any misleading, incorrect information or information violating the laws, regulations, decrees, circulars or instructions in force in the State. The General Partner shall be fully liable for the aforesaid.

5. The Limited Partner shall receive a copy of the Partnership Agreement signed by both parties.
6. Announce any arrangement or transaction whereby the General Partner ceased to be a general partner, provided that it/he shall continue to perform its/his duties until the issuance of an announcement in an Official Gazette.
7. Provide information on the business of the Fund and the financial position of the Limited Liability Partner upon request, taking into account the obligations set forth in the Partnership Agreement in this regard.
8. Notify the Authority within seven working days of any change in the following:
  - (i) Places of the main business.
  - (ii) Name of any General Partner or Limited Liability Partner.
  - (iii) Any General Partner who becomes a Limited Partner or any Limited Partner who becomes a General Partner at the time of change.
9. Maintain the papers, documents, records and accounting books relating to the business of the Fund for a period of no less than (10) years, while maintaining backup copies thereof for the same duration, and prevent exposure thereof to any cause of damage, especially with respect to the following:
  - (i) Name, address and details of each partner in the Fund.
  - (ii) Date of joining and exit of each partner.
  - (iii) Date and amount of shareholding of each Limited Partner's, date and amount of any payment representing a dividend or part of its shareholding.

### **Limited Liability Partner**

#### **Article (6)**

- I.** A Limited Liability Partner may not assign its shareholding to third parties except in accordance with the Partnership Agreement.
- II.** A Limited Liability Partner shall be prohibited from involving in or obstructing the management work of the Fund. However, none of the actions described below are considered to be management work or obstruction:
  1. Taking a decision on whether to change or waive a condition in the Partnership Agreement or its associated documents or on changing the general nature of the partnership business, or on a person to become a partner or terminate its partnership, or on terminating or extending the Partnership Agreement.
  2. Appointing a person to terminate the partnership.

3. Any obligations imposed under the Partnership Agreement, provided that the Limited Liability Partner does not exceed the limits of the imposed obligation in a way that allow to the Limited Liability Partner to involve in the management of the partnership.
4. Entering into or implementing a contract with other partners, provided that the contract or implementation thereof does not include involvement in the management of the Fund's business.
5. Providing sponsorship or acting as guarantor of the Fund, approving the Fund's accounts, reviewing or approving the evaluation of the Fund's assets.
6. Consulting with or providing advice to a General Partner on the affairs or accounts of the Fund, or participate in a decision on the change of persons responsible for day-to-day business and management.
7. Assigning or nominating a person to represent the Limited Partner.
8. Participating in a decision on how any partner can exercise its/his rights as an investor in an investment fund (CIS- Master Fund) provided that the Private Fund Limited Partnership may not be liable for debts or obligations in the Master Fund beyond the amount of its shareholding or agreed shareholding.
9. Participation in a decision to approve or allow a proposal by a General Partner.
10. Investigation in, reviewing or approving to provide advice on the accounts or the business.

### **Lapse of the Corporate Personality of the Fund**

#### **Article (7)**

1. The Private Fund Limited Partnership shall lapse for any of the following reasons :
  - a. Expiry of its term as specified in the Partnership Agreement or expiration of the purpose for which it was established;
  - b. A decision issued by the SCA to terminate the Fund.
  - c. A court order to dissolve or terminate the Fund.
  - d. Any other reasons set forth in the Partnership Agreement.
2. The lapse of the Fund and termination of its corporate personality shall be established by the issuance of a decision of the SCA or a final court judgment to terminate the Fund.

## **Liquidation of the Private Fund Limited Partnership**

### **Article (8)**

1. The Fund shall notify the SCA of any liquidation.
2. In the event of liquidation of the Private Fund Limited Partnership, it shall be effected through the General Partner or by a person designated by the Limited Liability Partner provided that such person is not bankrupt or insolvent, taking into account the provisions of the Partnership Agreement.
3. During the liquidation period, the Fund shall retain its corporate personality as long as necessary for the liquidation work.

### **Final Provisions**

#### **Article (9)**

1. The Authority shall collect a **fee of AED .....** for providing the **General Partner** with any data related to the Register according to the application submitted **thereby**, other than the Limited Partner, provided that the application must be signed by the General Partner.
2. The responsibility of the Authority shall be limited to obtaining the required documents, without any liability for the business of the Fund or the partners.

#### **Article (10)**

The SCA shall issue the necessary decisions and forms required for the implementation of the provisions of these Regulations.

#### **Article (11)**

This Decision shall be published in the Official Gazette and shall come into effect from the day following the date of its publication.

---

**Eng. Sultan bin Saeed Al Mansouri**  
**Chairman of the Board of Directors**

*Issued in Abu Dhabi on \_\_\_\_/\_\_\_\_/2017*