

# inBrief



## **DMCC: Expanding the Scope of a Service License**

By Danielle Lobo, Saurbh Kothari and Omer Bakri | 4 May 2020

### **DMCC to issue NOCs to operate onshore**

A DMCC licensed company holding a valid service license (with one or more of the Eligible Service Activities (identified below)) can apply to the DMCC for a no objection certificate (NOC) to operate/conduct business onshore (*i.e.* in mainland Dubai outside of the boundaries of the DMCC free zone).

The NOC, in itself, is not sufficient to operate onshore. The applicant company will also be required to obtain a permit from the local licensing authority (*i.e.* the Dubai Department of Economic Development (DED)).

In order to obtain an NOC from the DMCC, the applicant company will need to apply through the DMCC portal. If the applicant company has a sanction on its DMCC portal account or has an application (service request) pending (for services such as the amendment of its licensed activities), it will not be able to apply for the NOC.

Once an NOC has been issued by the DMCC, the applicant company will be required to approach the DED for a permit to operate onshore. The DED will issue a permit provided the applicant company has satisfied the DED's requirements.

### **Requirements of the DED**

Based on an NOC issued by DMCC, the DED will issue a permit to the applicant company for conducting business onshore. The activity which the applicant company wishes to conduct onshore must be mentioned on its license (issued by DMCC) and such an activity(ies) must be one or more of the Eligible Service Activities. In order to obtain a permit, the applicant company is neither required to lease any separate office space onshore in Dubai nor is it required to appoint a UAE national service agent or partner.

The DED permit shall be valid for the duration of the applicant company's DMCC license.

The DED will charge a fee of AED 5,070 for issuing its permit.

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Danielle is a corporate/commercial lawyer with considerable experience in a wide range of corporate matters including private equity transactions, mergers and acquisitions, joint ventures, restructurings and reorganisations. She advises vendors, trade purchasers and management on both the sale and purchase of companies, as well as on private equity investments. Danielle is a member of the Law Society of Scotland. She holds an LLB (Hons.) from the University of Aberdeen, Scotland. Prior to joining the firm, she trained at and was a solicitor with a global firm in Scotland. Danielle has been ranked as "Next Generation Partner" for commercial, corporate and M&A, in Legal 500 EMEA.

### Eligible Service Activities

- Accounting & Bookkeeping
- Events Management
- Cargo Loading & Unloading Services
- Cost Control & Risk Management Services
- Cyber Security Consultancy
- Data Entry Services
- Documents Destroying Services
- Electronic Chips Programming
- Exhibition Organising
- Facilities Management Services
- Facilities Resources Planning Consultancy
- Feasibility Studies Consultancies
- Performing Arts & Music Festivals
- Financial Instruments Quotation Services
- Fine Arts Consultancies
- Food & Dairy Consultant
- Health Planning Consultancies
- Information Technology Consultants
- Internet Consultancy
- Logistics Consultancy
- Management Consultancies
- Marketing Research & Consultancies
- Media Studies & Consultancies
- Network Consultancies
- Noise Control, Vibration & Acoustics Consultancy
- Pharmaceutical Consultancies
- Public Networking Services
- Quality & Standardisation Consultants
- Science & Technology Consultancy
- Sourcing & Procurement Consultant
- Spa & Fitness Clubs Consultant
- Technical Installations Consultancies

### **Current Market Practice**

Rule 3.2.11 of the DMCC Licensing Rules (effective date 2 January 2020) states as follows:

*“A DMCC Entity **must conduct its business in or from the DMCC Free Zone in order to maintain an active License. If a DMCC Entity has any business or operations outside of the DMCC Free Zone, it must have obtained the required acknowledgement letter from the Registrar and approvals from any other relevant UAE Governmental Authority to do so.**”*



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Omer advises clients on all aspects of corporate transactions, and represents clients before governmental departments and agencies. Omer's strong contacts and fluency in Arabic along with his technical skills and understanding of local laws and regulations, have proven invaluable for clients in virtually all their corporate and commercial transactions. Prior to joining Afridi & Angell, Omer was working in the legal department of Sharjah Airport International Free Zone.

The market practice has been that a free zone company can have customers located outside of the free zone as long as the said free zone company is providing its services from the geographical area of the free zone. However, there is no clear definition of whether something constitutes having “*any business or operations outside of the DMCC Free Zone*” so consequently there is no “bright line” test.

It would appear that many of the Eligible Service Activities can be conducted from the geographical area of the free zone. However, should a DMCC company consider that its current operations may constitute it doing business outside of the DMCC free zone or if it wishes to operate onshore and it is licensed for an Eligible Service Activity, it should consider applying for the relevant NOCs. ■

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*Afridi & Angell’s corporate department works with many DMCC company clients and has extensive experience in advising such clients. Should you have any questions with respect to obtaining the relevant approvals to conduct business onshore, please contact the authors or your usual Afridi & Angell contact.*

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