

THE FINTECH REGULATORY LABORATORY

The Regime for
FinTech Innovation



ADGM recognises the importance of technological innovation in the financial services industry. Globally, **financial technology** (FinTech) has enhanced efficiency of financial markets and systems, and the overall customer experience. At ADGM, we can play a meaningful role in supporting innovation and growth in the industry, while promoting systemic safety and consumer protection.

ADGM supports Abu Dhabi's aspiration to be the FinTech innovation hub for the region. To facilitate this, ADGM's Financial Services Regulatory Authority (FSRA) has developed the FinTech Regulatory Laboratory (RegLab).



WHAT IS REGLAB?

The ADGM RegLab is a specially-tailored regulatory framework which provides a controlled environment for FinTech participants to develop and test innovative FinTech solutions.

The RegLab is designed to allow FinTech innovation to be tested without being subjected to the full suite of regulatory requirements that would otherwise apply to traditional financial services firms, by creating a regulated environment to contain the specific risks and impact of any particular test. The safeguards of the RegLab will allow FinTech participants to explore and develop FinTech solutions in a risk-appropriate and cost-effective environment.



WHO IS IT FOR?

The ADGM RegLab is for all participants active in the FinTech space, from start-ups to existing, regulated companies. To qualify, FinTech participants must be able to demonstrate an innovative technological solution that is at the stage of development ready for testing. The solution should also contribute to the development of the financial sector in UAE. In particular, it should:

- Promote growth, efficiency or competition
- Promote risk management and better regulatory outcomes
- Improve consumer choices

EXCLUSIVE BENEFITS FOR REGLAB PARTICIPANTS

- **Guidance and support from dedicated team of FSRA supervisors in understanding and navigating regulatory requirements**
- **Support and mentorship from ADGM's Innovation Centre partners including financial institutions, venture capital and angel investors, accelerators, technology firms, academic institutes and professional service providers**
- **Access to core banking digital sandbox environment that allows participants to integrate their solutions with banking data and functionality, and to test them for scalability and robustness**

HOW DOES THE REGLAB WORK?

FinTech participants who wish to take part in the ADGM RegLab must first become authorised by FSRA.

- FSRA will assess the risks posed in each FinTech applicant's business model and tailor a set of appropriate regulatory controls on a specific, case-by-case basis. For instance, rules that are not relevant to the applicant's business model or FinTech solution will be waived or modified. Instead, FSRA may impose restrictions on the scope and scale of the test activities to mitigate the associated risks and impact.
- The ADGM RegLab allows FSRA to adapt the regulatory requirements to the specific business model and risks of individual FinTech participants as they progress through different stages of development or testing.
- Once authorised and admitted into the RegLab, FinTech participants are eligible to operate within the RegLab for a period of up to two years. During this time, FinTech participants are expected to test and develop their FinTech innovation to a point where it can be commercially launched.

Thereafter, FinTech participants will migrate to full financial services authorised status within ADGM. FinTech participants who are not ready to launch will exit the ADGM RegLab.

THE ADGM REGLAB

This serves as a one-stop-shop for all FinTech participants, both prospective and authorised, who wish to be part of the ADGM RegLab. FinTech participants have access to a dedicated ADGM RegLab team that provides regulatory support and guidance from pre-authorisation stage to exiting from the RegLab.

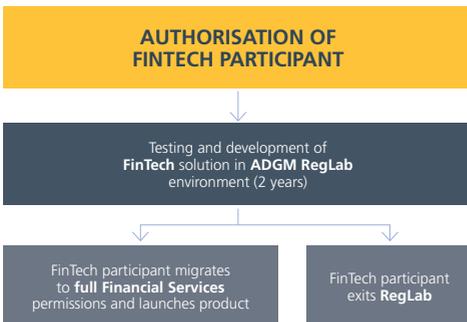
The RegLab team will advise and help FinTech participants appropriately to:

- Understand the RegLab requirements
- Apply for RegLab authorisation
- Draw up the regulatory controls and test plan for the FinTech solution
- Ensure compliance with the RegLab requirements

In addition to having direct access to the RegLab team, FinTech participants also benefit from engagements facilitated by the FSRA with relevant stakeholders. This may include mentorship support from accelerators, participation in workshops and fora to networking or showcasing their ideas to investors and clients, etc.

APPLICATION APPROACH

Applications for the ADGM RegLab will be based on a cohort approach. FSRA will announce the application period for each cohort ahead of the opening.



HOW TO PARTICIPATE?

1



Contact a member of the ADGM RegLab team, via email fintech@adgm.com to start the conversation with FSRA.

2



You will be invited to discuss your proposal, which will help the RegLab team better understand your proposal and assist you in completing your application.

3



Once your application has been submitted, FSRA will assess your FinTech proposal in accordance with the qualification criteria for inclusion in the RegLab.

4



If your application is accepted, the ADGM RegLab team will work closely with you to build a bespoke set of regulatory requirements and conditions that will apply to the FinTech proposal.

Once finalised, the RegLab application will be approved and an authorisation will be granted directly to the applicant.

HOW MUCH WILL IT COST

The applicable incorporation and licence fees for a RegLab participant will amount to US\$4,500 in the first year and US\$2,300 in the second year.

Therefore the total fees charged to a FinTech participant is capped at USD\$6,800 for the entire 2-year RegLab period.



Total fees for RegLab participants:

US\$6,800
over a 2-year period



ADGM – THE INTERNATIONAL FINANCIAL CENTRE MADE FOR BUSINESS

Abu Dhabi Global Market, an international financial centre in the capital of the United Arab Emirates, fully opened for business on 21st October 2015.

A financial free zone, ADGM is an independent jurisdiction encompassing the entire 114 hectares (1.14 sq km) of Al Maryah Island with rules and regulations aligned with international best practice. ADGM's three independent authorities (Registration Authority, Financial Services Regulatory Authority and the ADGM Courts) provide a holistic environment enabling registered companies to conduct business and operate with confidence.

ABU DHABI QUICK FACTS



Accounts for 2/3 of the approx **\$400 BN** economy of UAE



Per capita GDP of **USD 73,000**



Average GDP growth of **11% p.a.** since 2005



Owns 9% of the **world's proven oil reserves**



Owns 5% of the **world's gas reserves**



Stable inflation rate of **2%**



50% of GDP from **non-oil & gas sectors**

WHY ADGM?

WORLD-CLASS INSTITUTIONS AND ADVISORS

- Access to a growing ecosystem of finance, services and talent
- Home to the world's leading professional advisory firms

LEGAL AND REGULATORY

- An independent jurisdiction with its own civil and commercial laws
- Common law directly applicable providing high levels of legal certainty
- Flexibility for additional amendments to regulations as required
- Independent ADGM Courts

TAX ENVIRONMENT

- 0% personal and corporate income tax
- No withholding of taxes
- No restrictions on repatriation of profits

EFFICIENT PROCESS AND PROCEDURES

- Fully digital application
- Support with visas and government services

STRATEGIC PARTNERSHIPS

ADGM continues to reach out to all relevant stakeholders in the FinTech industry, both locally and globally, in pursuit of achieving its goals in building the industry in Abu Dhabi.

In building a more robust and conducive FinTech ecosystem in Abu Dhabi, we have formed strategic partnerships with key stakeholders and industry leaders. These partnerships provide a framework for the parties to harness each other's expertise and knowledge, and to create shared initiatives that strategically support the development and growth of the FinTech ecosystem in ADGM, Abu Dhabi, and beyond.

Visit <http://fintech.adgm.com/partners/> for a list of our partners.

Require more information?

The RegLab team is available to provide more information on the ADGM RegLab and the authorisation process. To apply for RegLab authorisation, please contact our RegLab team to arrange for a meeting and start the conversation on your FinTech proposal.

CONTACT US

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📍 Abu Dhabi
Global Market (ADGM)

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