



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

CORPORATE TREASURY IN ADGM

Introduction

ADGM directly applies English common law, offers a highly efficient tax environment and is home to a full ecosystem of financial institutions, service providers and professional advisors required for the support of treasury operations.

Abu Dhabi, seat of government and centre of wealth

Abu Dhabi, the Capital of the UAE, is a centre of wealth in the region, has an AA sovereign credit rating, some of the world's largest sovereign wealth funds and vast hydrocarbon reserves, providing a stable business environment along with an exceptional quality of life and a family-friendly lifestyle for its residents and visitors. With 60% of global GDP within a 7 hour flight, Abu Dhabi is central to the world's growth, is a major transportation and logistics hub and has longstanding political and economic relationships with the leading economies across the world.

Corporate Treasury in ADGM

Over the years, corporate treasury has evolved into a broad and comprehensive function. From a mechanical payment processing unit to a data provider that assists financial reporting and risk management to now increasingly playing the role of an internal advisor for the business, contributing to corporate strategic planning.

ADGM is a broad-based financial centre with a diverse and ever-growing community of leading multinational business brands across multiple economic sectors. Many of which have established regional headquarters to use ADGM as a stable base for their regional activity. ADGM has increasing demand for corporates to expand the functions managed from these operations with particular demand for group treasury activities.

In response to this and with close collaboration with leading financial institutions, corporates, legal and advisory firms ADGM developed an attractive regime to enable businesses to establish effective treasury centres in its jurisdiction to improve financial operations and liquidity management.

Already home to an extensive community of leading international legal, tax and accounting firms, as well as local and international banks ADGM ensures that your business has access to all requisite financial and professional services, as well as a range of legal structures and vehicles to enable flexible structuring of the treasury centre.

With regulations allowing for capital netting, transfers and sweeps and physical or notional pooling, ADGM provides a transparent and flexible platform for regional liquidity management.

ADGM is a collaborative, responsive and highly innovative jurisdiction

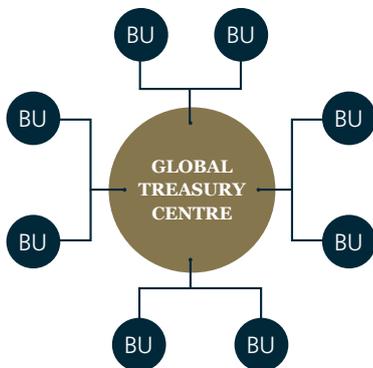
ADGM's Board of Directors has legislative powers enabling quick amendments to and introduction of new amendments to existing ADGM regulations in response to market needs. ADGM regularly engages in public consultation when issuing new laws or regulations, ensuring that they meet the needs and requirements of our community. This flexible, efficient and consultative approach has enabled ADGM to introduce a number of products, frameworks and regimes in response to market needs, many of which are firsts for the region, including:

- FinTech Framework with an active RegLab
- Aircraft Financing Regime
- Special Purpose Vehicle Regime
- Crypto Asset Regulatory Framework
- Private REITs Regime
- Private Financing Platform
- Foundations Regime
- Digital Sandbox
- E-KYC Utility Project

Treasury models that fit your business

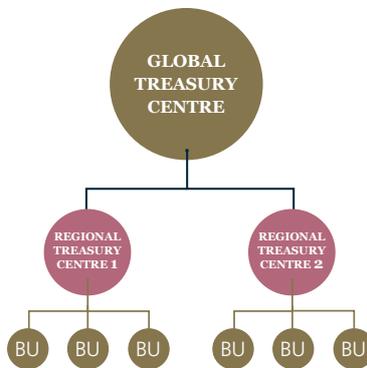
Whatever your preferred operating model, ADGM has the requisite features and operating environment for you to most efficiently and effectively manage your treasury activities.

Fully Centralised Treasury Centre



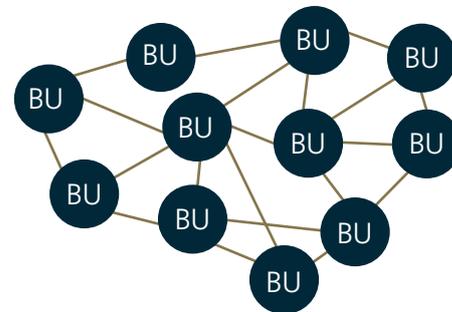
All business units report into a single centralised global treasury entity

Regional Treasury Centre



Each region's business units report into their respective Regional TC

Decentralised Treasury



Each country business units perform their own treasury management and operations independently

Regional Treasury Centres

It is vital that cash management and liquidity activities remain close to and attuned to regional business, which is why there is a shift from both decentralised in-country treasury and fully centralised models towards multinational businesses establishing **Regional Treasury Centres (RTC)**, to more closely assist with financial and strategic matters on a regional basis. Managing group liquidity, potentially thousands of miles away from regional business, in a different time zone, with different working calendars and detached from regional matters is becoming challenging. Establishing a Regional Treasury Centre enables businesses to maintain proximity to regional markets and financial institutions, which can offer advice to headquarters around local political, economic and social issues enabling management to better respond to evolving circumstances. An RTC provides vital information and the ability to act on such information in a timely manner.

Establishing an RTC to manage liquidity across the Middle East is particularly beneficial. With differing working calendars and a unique culture, there can be significant disconnects in a fully centralised model. The establishment of an effective RTC is made easier through a common language across much of the region and with many regional currencies having a US dollar peg. Furthermore, the Middle East is Central to Europe, Asia and Africa, should the scope of the RTC be extended to a wider geographic area.

TYPICAL CAPABILITIES OF A REGIONAL TREASURY CENTRE

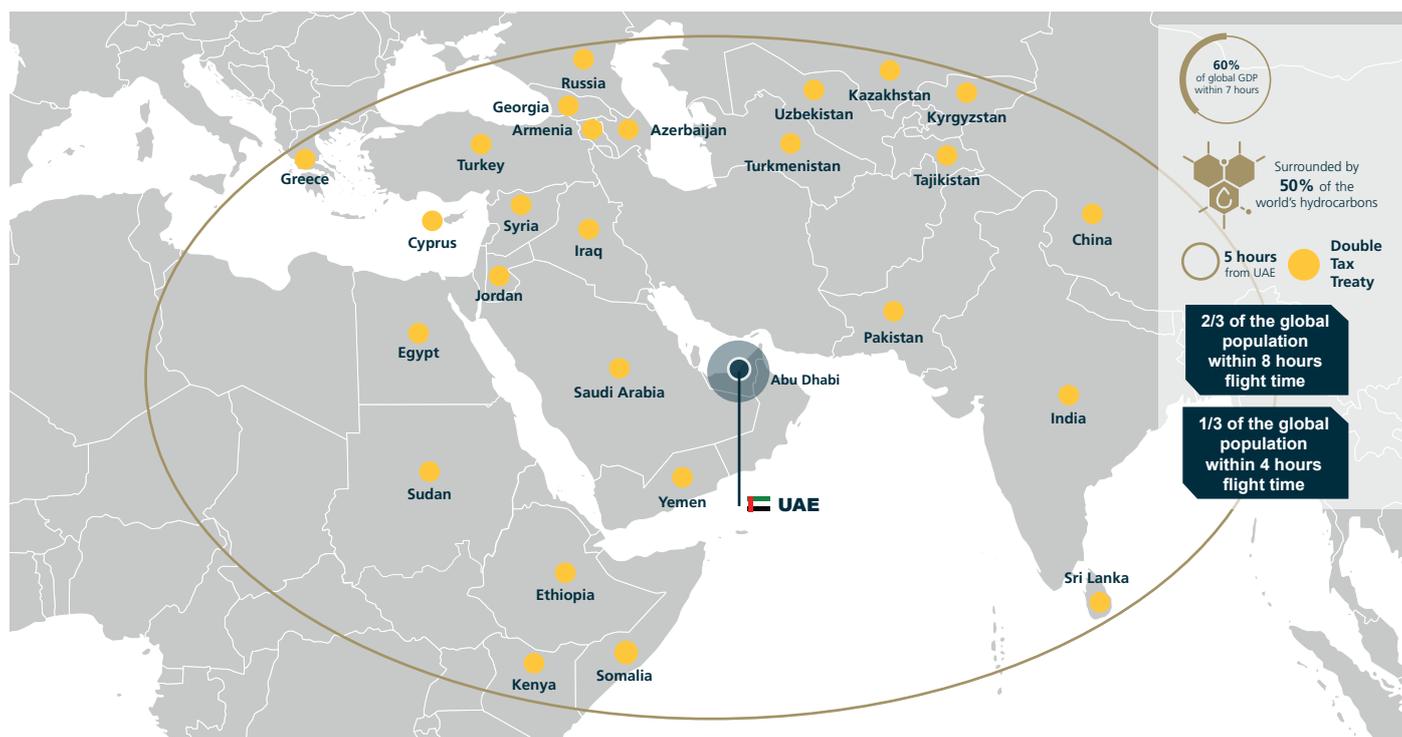
- Treasury operations
- Central cash management
- Trade finance
- Fx management
- Market execution & issuance
- Intra-group funding
- Risk management
- Intra-group advisory
- Finance and resource allocation
- Systems and data
- Reporting

Drivers of Treasury Regionalisation

-  **Globalisation** – Internationalisation increases complexity and decreases transparency. It introduces various currencies and diverse banking partners. Regionalisation improves the understanding, efficiency and coordination of managing global cash and liquidity positions.
-  **Technology** – Advances in treasury technology has been a key enabler, with developments in IT, data-analytics, and digitalisation all working to enable the regionalisation of treasury operations.
-  **Regulation** – Since the global financial crisis increased regulatory oversight is requiring businesses to adapt to new rules and forms of governance. Adhering to these standards requires cross-border management and understanding of regional variances in regulatory frameworks.

Merits of Regionalisation

-  **Operations** – Improving efficiency and best practice standards.
-  **Cash Management** – Netting of transactional exposures reduces foreign exchange exposure and improves intercompany settlement efficiency.
-  **Liquidity Management** – RTCs can act as an in-house bank helping in building a more sustainable liquidity strategy and maintaining an appropriate liquidity buffer.
-  **Data Analytics** – An effective RTC collects and collates vital data which can be used for analysis to enable management to make better informed decisions. It provides improved visibility of individual countries financial positions and provides invaluable data for strategic planning.
-  **Governance** – Regionalisation enhances awareness of regulatory pressures and the reporting required. Regional management can reduce the administrative and cost burden.
-  **Credit and Funding** – Establishing an RTC can reduce the number of touch points needed with local banks, instead focusing on a core group of banks creating better relationships and credit terms, with the RTC further serving as an in-house bank for regional group entities.
-  **Risk Management** – More effective management of liquidity risk, credit risk, currency risk, interest rate risk and operational risk.



ADGM is an ideal jurisdiction for a Treasury Centre

Abu Dhabi and ADGM offer a holistically attractive environment for businesses choosing a jurisdiction for their Treasury Centre

Key Treasury Consideration Factors	ADGM
Tax Attractiveness	✓ ADGM has a 0% corporate tax rate, levies no withholding taxes and has one of the widest double taxation treaty networks in the world. ADGM requires real substance for businesses operating in its jurisdiction
Banking Factors	✓ ADGM, Abu Dhabi and the wider UAE are home to many of the world's leading local and international banks
Currency Environment	✓ UAE and several of the countries in the region have a US dollar peg, reducing currency volatility and easing financial planning
Access to Capital Markets	✓ ADGM is home to several financial institutions that can support with capital markets activity
Infrastructure and Accessibility	✓ Abu Dhabi benefits from world-class infrastructure, is in a centrally located time zone and is globally connected through leading airlines. ADGM has a premium real estate offering with state of the art IT systems and connectivity
Country Credit Rating	✓ Abu Dhabi has the highest sovereign credit rating in the region AA (Stable) S&P Credit Rating Aa2 (Stable) Moody's Credit Rating
Business Environment	✓ ADGM offers a flexible, transparent and investor-friendly legal framework and an exceptional international business environment. ADGM offers a fully digital system for incorporation and other services
Availability of Skills and Talent	✓ The UAE has the most well developed talent pool in the region with deep financial and legal expertise. Abu Dhabi is a family-friendly, attractive expatriate location. ADGM has modern employment regulations and manages all government visa processes to make it easy to recruit international talent
Regulatory Reporting Requirements	✓ ADGM reporting requirements are straightforward and not overly burdensome. There is no audit requirement for companies with less than 35 employees
Legal Environment	✓ ADGM directly applies English common law and has independent Courts and Arbitration facilities to resolve disputes efficiently

Why a Regional Treasury Centre makes sense for this region

- Different working calendar and holidays
- Unique cultural sensitivities
- Politically progressive and evolving environment
- Diverse economies undergoing change
- High growth region
- USD currency peg common in region
- English and Arabic languages spoken widely across much of the region
- Central location to coordinate activities in Africa

WHY ADGM?

STRENGTH AND POSITIONING OF ABU DHABI

- Capital of UAE and seat of Federal Government
- Regional wealth centre with some of the world's largest sovereign wealth funds
- Significant oil and gas reserves
- AA credit rating
- Stable economic and political environment
- Central geographic location and time zone
- Strategically located along Belt and Road
- Government commitment to develop and diversify the economy

A THRIVING BUSINESS COMMUNITY WITH WORLD CLASS INSTITUTIONS AND ADVISORS

- Growing community of leading international and local financial institutions
- Over 150 professional advisory firms to cater to all business needs
- Extensive and ever-growing talent pool
- Awarded MENA Financial Centre of the Year for the last 3 years

ADGM'S INTERNATIONAL STANDARD LEGAL AND REGULATORY ENVIRONMENT

- Direct application of English common law
- 100% foreign ownership permitted
- International equivalent regulatory rulebook
- Independent and fully digital ADGM Courts
- State of the art Arbitration Centre with pro-arbitration judges adheres to international rules and regulatory requirements
- Member of the Islamic Financial Services Board and the Sustainable Banking Network

TAX EFFICIENT OPERATING ENVIRONMENT

- 0% corporate tax for 50 years and 0% personal income tax
- Double Tax Treaties with over 90 countries
- No withholding taxes or restrictions on repatriation of profits

CULTURALLY EMBEDDED FOCUS ON INNOVATION AND COLLABORATION

- Fintech enabled jurisdiction
- Highly responsive regulator
- Innovative approach to new regulations and regimes

EXCELLENT INFRASTRUCTURE AND LIFESTYLE IN ADGM

- Grade A offices and modern infrastructure
- Leading hotels, healthcare, schools and leisure facilities
- A safe and enjoyable lifestyle for families

STRONG EMPHASIS ON EASE OF DOING BUSINESS

- Fast, efficient, fully-digital business registration process
- One-stop-shop for government services and visas
- Active client relations and community development functions

International Financial Centre of the Year MENA for 3 Consecutive Years

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 ADGM Courts - provide a holistic environment enabling registered companies to conduct business and operate with confidence.

Skyline of Al Maryah Island, Abu Dhabi's International Financial Centre



Require more information?

The Registration Authority Business Development team will provide further information and discuss your business needs and concerns in greater detail. We will strive to help you make informed decisions that will benefit your business growth ambitions.

CONTACT US

-  ra@adgm.com
-  [+971 2 333 8888](tel:+97123338888)
-  www.adgm.com

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