

DIFC Innovation License Attracts Technology Entrepreneurs

Izabella Szadkowska - Partner - Corporate Structuring / Corporate Services / Corporate / Mergers and Acquisitions / Capital Markets / Family Business

i.szadkowska@tamimi.com - Dubai International Financial Centre

Gulsun Ozmen - Associate - Corporate Structuring

g.ozmen@tamimi.com - Dubai International Financial Centre

His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai, announced the establishment of 'Dubai Future District' a new district dedicated to the new economy in early January 2020.

The aim was to connect Emirates Towers, the Dubai International Financial Centre ("**DIFC**") and the Dubai World Trade Centre to form the world's largest area for innovation dedicated to developing the new economy.

The DIFC contributes to the enhancing position of the Emirate by attracting global talents and entrepreneurs, through many initiatives and projects.

One of the initiatives part of Dubai Future District, the DIFC launched the 'innovation license' to bring in new investors and creativity to the central and sector specific financial hub and boost the local start-ups ("**Innovation License**").

In line with the DIFC's world-class physical, legal and regulatory infrastructure, entrepreneurs are given an opportunity to establish, develop and expand their innovative businesses with the Innovation License. Through the diversified community of DIFC, the entrepreneurs are able to connect with different types of service providers within the dynamic environment.

Previous initiatives of DIFC

The DIFC's innovation ecosystem has included Startupbootcamp, FinTech Hive and FinTech Fund, which were created to provide a platform that brings financial and technology firms together and to financially support young talent and ideas.

Whilst the ultimate goal is to stimulate innovation and investment in the country, these initiatives have positively and significantly impacted the financial services sector in the UAE.

As the COVID-19 pandemic has revealed the needs, the new Innovation License unlocks opportunities for the entrepreneurs to start, grow and sustain their businesses to navigate the challenges of today's rapidly changing financial sector.

Who is eligible for 'Innovation License'?

Entities that conduct the following activities qualify to apply for the "Innovation" license:

<i>Software House</i>	Includes firms specialized in computer systems software design, implementation, operation and maintenance based on analysing the user's problems and his need for an economical solution and the programs necessary for realising such a solution, it involves designing application software designed to run on smartphones and mobile devices.
<i>Technology, Research and Development</i>	Includes firms specialised in elaborating studies and experimental and development research related to technology businesses for conducting innovation, introduction and improvement of its products and procedures. It includes setting guidelines to enhance designing, evaluating, implementing techniques and a series of investigative activities to develop new and improve existing products and procedures.
<i>Information Technology Consultancy</i>	Includes providing technical services and consultancies with respect to information technology and applications like internet, internet and data warehousing to enhance the administrative and technical performance in different corporations. In addition to offering consultancies, to involve proposing the adequate software and handling the surveys and studies to determine the appropriate technology consistent with the nature of the firm, these firms are not entitled to market or produce any of the software or products related to said technology, the minimal degree required is Bsc. in Computer sciences or Information Technology, along with three years hands-on experience"
<i>Internet Consultancy</i>	Includes firms specialised in drawing up the strategies of using internet technology in the commercial entities, as well as impose laying out the techniques of the practical application.
<i>IT Infrastructure</i>	Includes firms specialized in laying the technical foundations of the information technology, which comprises the network, the systems and the databases. It also involves firms engaged in preparing the consultative studies along with the installations of the network and the systems, manpower training is also included.
<i>Portals</i>	Online services equipped with databases and programmes that are fitted as a service with basic functions of the technology platform. It also could be a junction between a content provider and a user for a broad array of resources and services.
<i>Computer Consultancy</i>	Includes firms which provide consultancy to enterprises and companies, prepare studies related to the analysis of users' needs as regards computer hardware and software and provide the best solutions. This also includes the choice of software that corresponds to the company's activities, the choice of operation specifications, the equipment and preparation of computer rooms, the preparation of purchase tender documents and offers, as well as other related services and consultancies.

Setting-up process

The registration process is comprised of the following steps:

1. Submission of a request with the DIFC Authority, to receive DIFC portal access;
2. Completing the license approval application under the portal;
3. Securing the in-principle approval to form the entity, from the DIFC Authority; and
4. Completing the entity registration application, under DIFC portal.

The vast majority of the steps can be completed electronically. Even the Articles of Association of the company can be executed by the incorporating shareholders/ their representatives electronically, with the use of DocuSign software.

What does the “Innovation License” offer?

This license type offers numerous benefits, as the fees charged by the DIFC under the incorporation process are symbolic and the business-convenience of the commercial solutions is very strong.

The key benefits this type of a license offers are as follows:

1. One-time registration fee of USD 100 only;
2. Subsidized license fee of only USD 1,500 per annum;
3. Data protection fee of only USD 250;
4. Access to a co-working space (flexible desk) of USD 500 (+Vat) per month/ per flexi desk; and
5. Permit to secure up to four (4) residency visas on a flexi desk, and a 50% subsidy on additional visas.

Conclusion

These days, many businesses have been operating under enormous financial pressure. Some have been suffering from limited access to networking and business development opportunities. Others, have not been able to employ or retain talent required to operate their business.

In the times of the global pandemic, the DIFC continue to welcome, encourage and actively support not only the strongest of this world but also some small and mid-size entrepreneurs, such as those the Innovation license is aimed at.

No better way for the UAE to continue to prosper than by supporting the talent, dedication, hard work and innovative spirit.

And yet again, the DIFC is leading the way.