FOUNDATIONS LAW

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CONTENTS

PART 1: GENERAL 1
1. Title 1
2. Legislative authority 1
3. Application of the Law 1
4. Scope of the Law 1
5. Date of enactment 1
6. Commencement 1
7. Interpretation 1
8. Administration of this Law 1
9. Regulations 1

PART 2: NATURE OF A DIFC FOUNDATION 3
10. Nature of a Foundation 3
11. Duration of a Foundation 3
12. Objects and categories of Foundations 3
13. Matters determined by DIFC law 4
14. Limitations in Foreign Law 5
15. Heirship Rights 6
16. Foreign judgments 6
16A. Assertion of jurisdiction over Foundation Officer 7

PART 3: ESTABLISHMENT OF A DIFC FOUNDATION 8
17. Creation 8
18. Constitution 8
19. Charter 9
20. By-laws 10
21. Default recipient 11
22. Council 11
23. Guardian 12
24. The Registered Agent 13
25. Liability of Council members and others 13
26. Reservation to Founder of powers to amend, revoke, vary or terminate 14
26A. Duress 14

PART 4: PROPERTY OF A FOUNDATION 16
27. Capital endowment 16
28. Financial Resources 16
29. Qualified Recipients 16
30. Depository receipts 17
31. Limitation to the transferability of rights in respect of a Foundation 17

PART 5: ADMINISTRATION OF DIFC FOUNDATIONS 18
32. Conduct of business in the DIFC 18
33. Accounts and Accounting Records 18

PART 6: REGISTRAR 19
34. Exercise of functions of the Registrar 19
35. Register to be kept and made available for public inspection 19
36. Keeping of records by Registrar 20
37. Registrar may change registration number of Foundation 20
38. Power of the Registrar to refuse Documents 20

PART 7: JUDICIAL AND NON JUDICIAL PROCEEDINGS 22
39. Role of the Court in administration of Foundations 22
40. Power of the Court to order compliance 22
41. Power of the Court to order amendment of Charter or By-laws 22
42. Power of the Court to give directions 22
43. Power of the Court to protect interests under a Foundation 23
44. Power of the Court to dismiss or appoint a Registered Agent 23

45. Power of the Court to take action on behalf of others....23
46. General power of the Court in respect of orders....24
47. Power to set aside a transfer or disposition of property due to mistake....24
48. Power to set aside a transfer or disposition of property exercised by fiduciary power....25
49. Applications and orders under Articles 47 and 48....25
50. Provisions for facilitating Foundation division or amalgamation....26
51. Arbitration of Foundation disputes....26
52. Powers of the arbitral tribunal....27
53. Provision of information by a Foundation....27
53A. Limitation of actions....28

PART 8: CONTINUATION AND RECOGNISED FOREIGN FOUNDATIONS....29
54. Continuation of a Foreign Foundation in the DIFC....29
55. Charter of Continuance for Foreign Foundations....29
56. Certificate of continuance for Foreign Foundations....29
57. Preservation of a Foundation....29
58. Cancellation of registration....30
59. Foundation leaving the DIFC....30
60. Conditions applicable to a Foundation leaving the DIFC....30
61. Discontinuance and effect....31
62. Recognised Foreign Foundations....31
63. Continuation of Company as a DIFC Foundation....31
64. Charter of Continuance of a Company....31
65. Certificate of continuance of a Company....32
66. Preservation of a Company as a Foundation....32
66A. Continuation of DIFC Foundation as a Company....32
66B. Articles of Continuation of a Company....33
66C. Certificate of continuation of a DIFC Foundation....33
66D. Preservation of a DIFC Foundation as a Company....33

PART 9: DISSOLUTION OF FOUNDATIONS....34
67. Dissolution....34
68. Court dissolution....34
69. Distribution of property....34
70. Application of insolvency rules in winding up....35
71. Dissolution by the Registrar....35
72. Publication of dissolution....35

PART 10: FINES AND FEES....36
73. Fines....36
74. Fees....36

SCHEDULE 1....37
SCHEDULE 2....42
SCHEDULE 3....43

PART 1: GENERAL

1. Title

This Law may be cited as the "Foundations Law 2018" or "this Law".

2. Legislative authority

This Law is made by the Ruler.

3. Application of the Law

This Law applies in the jurisdiction of the Dubai International Financial Centre.

4. Scope of the Law

This Law applies to:

(a) any Foundation established in accordance with this Law;

(b) any Recognised Foreign Foundation to the extent stated in Article 62; or

(c) any Foreign Foundation which is established in another jurisdiction which has transferred its registration to the DIFC in accordance with this Law.

5. Date of enactment

This Law is enacted on the date specified in the enactment notice in respect of this Law.

6. Commencement

This Law comes into force on the date specified in the enactment notice in respect of this Law.

7. Interpretation

(1) Schedule 1 contains:

(a) interpretative provisions which apply to this Law; and

(b) a list of defined terms used in this Law.

(2) Schedule 2 contains provisions relating to the application of the Arbitration Law.

(3) Schedule 3 contains prescribed fines for contravention of this Law.

8. Administration of this Law

This Law is administered by the Registrar.

9. Regulations

(1) The Board of Directors of the DIFCA may make Regulations to facilitate the administration of, or further the objects of, this Law.

(2) Without limiting the generality of Article 9(1), such Regulations may be made in relation to:

(a) the objectives, powers or functions of the Registrar under this Law;

(b) forms, procedures, notice and requirements under this Law;

(c) the filing of certain material;

(d) the manner in which such material shall be filed;

(e) which material, or parts of the material, shall be made available for reviewing by the public;

(f) the use of an electronic or computer-based system for the filing, delivery or deposit of, Documents or information required under or governed by the Law and Regulations;

(g) the circumstances in which persons shall be deemed to have signed or certified Documents on an electronic or computer-based system for any purpose under the Law; and

(h) the payment of fees to the Registrar.

(3) Articles 46 and 47 of the Operating Law apply to the making of Regulations under this Law;

(4) Where any Regulation made under this Law purports to be made in the exercise of a particular power or powers, it shall be taken also to be made in the exercise of all the powers under which it may be made.

(5) Without limiting the generality of Article 9(1), the Regulations under this Article may:

(a) make different provision for different cases or circumstances;

(b) include supplementary, incidental and consequential provisions;

(c) be made to facilitate the administration of, or further the purposes of this Law and another Law, or other Laws; and

(d) where made to facilitate the administration of, or further the purposes of another Law, require the doing of an act or thing in default of which is fine is payable under that Law.

PART 2: NATURE OF A DIFC FOUNDATION

10. Nature of a Foundation

(1) A Foundation is a body corporate with a legal personality separate from that of its Founder(s) and any other person.

(2) A Foundation has the capacity, rights and privileges of a natural person. The validity of an act done by a Foundation shall not be called into question on the ground of lack of capacity by reason of anything in its Charter or By-Laws.

(3) The property of a Foundation is not held by it upon trust for any other person.

(4) A Founder has such rights (if any) in respect of a Foundation as provided for in its By-laws.

(5) A person specified in the By-laws (other than a Founder, a member of the Council, the Registered Agent and any Guardian) has such rights (if any) in respect of a Foundation as provided for in its By-laws.

(6) Any rights a person may have in respect of a Foundation may be assigned to some other person, if its By-laws so provide.

(7) If rights are assigned under Article 10(6), the person assigning the rights must within a period of thirty (30) days provide a copy of the assignment to the Registered Agent or, if there is no Registered Agent, to the Registrar. A person who fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

11. Duration of a Foundation

(1) A Foundation may, but need not, be established for a fixed period or for a specified limited period, provided that it may be dissolved at an earlier time in accordance with the provisions of this Law.

(2) If a Foundation is to be wound up and dissolved upon:

(a) the happening of some event; or

(b) the expiration of a fixed period of time,

(c) the details of the event or period must be specified in its By-laws.

(3) If a person is to have the right to wind up and dissolve a Foundation, the details of such right must be specified in its By-laws, subject to any right arising under any applicable law.

12. Objects and categories of Foundations

(1) A Foundation's objects:

(a) must be certain, reasonable and possible; and

(b) must not be unlawful or contrary to public policy in the DIFC.

(2) A Foundation may be established for:

(a) objects which are exclusively charitable; or

(b) one or more of the following:

(i) objects which are not exclusively charitable; or

(ii) objects to benefit persons by name, category or class.

(3) It is sufficient, for purposes of Article 12(2)(b)(i), for the Charter to provide that a Foundation is to hold property selected in accordance with its By-laws.

(4) It is sufficient, for purposes of Article 12(2)(b)(ii), for the Charter to provide that a person or class of persons to receive benefits may be determined in accordance with the By-laws.

(5) A Foundation may not carry out any commercial activities, except those necessary for, and ancillary or incidental to, its objects.

(6) The objects of a Foundation may only be amended:

(a) where there is an express power to do so in the Charter; or

(b) by order of the Court.

(7) If there is no express power to amend the objects in a Foundation's Charter then, subject to Articles 12(1) and 12(2), an object may be amended by order of the Court on an application made by or on behalf of a Founder, the Foundation or a Guardian where:

(a) the object has been, as far as may be, fulfilled;

(b) the object cannot be carried out or cannot be carried out in accordance with the original intention or spirit in which the Foundation was established;

(c) the object provides a use for only part of the property of the Foundation;

(d) the object was laid down by reference to a class of persons or to a matter which has for any reason since ceased to be:

(i) suitable; or

(ii) practicable in administering the Foundation;

(e) in the case of a charitable object, the object has ceased to be charitable (by being useless or harmful to the community or otherwise); or

(f) the object has ceased in any other way to provide a suitable and effective method of using the property of the Foundation,

and, in these cases, the property, or the remainder of the property, as the case may be, shall be held for such other charitable or non-charitable object as the Court may order to be consistent with the original intention of the Founder(s), or the spirit in which the Foundation was established.

(8) An application to the Court pursuant to Article 12(7) may be brought by any one of:

(a) the DIFCA;

(b) the Council of the Foundation; or

(c) any other Person with Sufficient Interest,

upon notice to the Founder(s) (if still alive), the Guardian (if any), the Council and (if applicable) any other Person with Sufficient Interest.

13. Matters determined by DIFC law

(1) Subject to Article 13(2), all matters arising in regard to a Foundation or in regard to any disposition of property to or by a Foundation, including questions as to:

(a) the capacity of a Founder or Contributor;

(b) any aspect of the validity of the disposition or the interpretation or effect thereof;

(c) the administration of the Foundation (whether the administration be conducted in the DIFC or elsewhere), including questions as to the powers, obligations, liabilities and rights of the officers of the Foundation and their appointment and removal; or

(d) the existence and extent of powers, conferred or retained, including powers of variation of the Charter or By-laws or dissolution of the Foundation, and the validity of any exercise thereof,

shall be determined in accordance with the laws of the DIFC without reference to the laws of any other jurisdictions with which the Foundation or disposition may be connected.

(2) Subject to Articles 14, 15 and 16, Article 13(1) shall:

(a) not validate any disposition of property which is neither owned by a Founder or Contributor, nor is the subject of a power vested in a Founder or Contributor;

(b) not validate any disposition of immovable property situated in a jurisdiction other than DIFC in which such disposition is invalid according to the laws of such jurisdiction;

(c) not validate any testamentary disposition which is invalid according to the laws of the testator's last domicile;

(d) not affect the recognition of Foreign Laws in determining whether a Founder or Contributor is or was the owner of any property transferred to the Foundation or is or was the holder of a power to dispose of such property;

(e) not affect the recognition of the laws of its place of incorporation in relation to the capacity of a corporation; and

(f) not affect the recognition of Foreign Laws prescribing generally, without reference to the existence or the establishment of the Foundation, the formalities for the disposition of property within the jurisdiction of those Foreign Laws.

14. Limitations in Foreign Law

(1) Without limiting the generality of Article 13(1), no disposition of property to a Foundation that is valid under the laws of the DIFC is void, voidable, liable to be set aside or defective in any manner by reference to a Foreign Law; nor is the capacity of any Founder in relation to the Foundation or disposition to be questioned nor is the Foundation or any other person to be subjected to any liability or deprived of any power or right, by reason that:

(a) the laws of any foreign jurisdiction prohibit or do not recognise the concept of a foundation;

(b) the disposition voids or defeats any rights, claims or interests conferred by Foreign Law upon any person by reason of a Personal Relationship to a Founder or any other person related to the Foundation or by way of Heirship Rights or contravenes any rule of Foreign Law or any foreign, judicial or administrative order, arbitration award or action intended to recognise, protect, enforce or give effect to any such rights, claims or interests; or

(c) the Foreign Law or foreign judicial or administrative order or arbitration award or imposes any obligation or liability on a Founder, Foundation or any other party in relation to the Foundation or the property of the Foundation.

(2) Subject to Article 14(3), a transfer of property to a Foundation shall not be void, voidable or liable to be set aside by reason of a Founder or a Contributor's bankruptcy, the liquidation of a Founder or Contributor, or any action or claims made against a Founder or Contributor by any creditor, notwithstanding any foreign statute providing otherwise.

(3) Notwithstanding Article 14(2), where the Court determines that:

(a) at the time when the property was transferred to the Foundation, the Founder or Contributor, as applicable, intended to defraud a creditor; and

(b) at the time such transfer took place the transfer of the property rendered the Founder or Contributor, as applicable, insolvent or without property from which if that creditor's claim had been successful, it could have been satisfied,

then such transfer shall not be void or voidable or liable to be set aside and the Foundation shall be liable to satisfy the creditor's claim and the Foundation's liability shall only be to the extent of the interest the Founder or Contributor, as applicable, had in the property prior to the transfer and of any accumulation to the property transferred (if any) subsequent thereto.

(4) Where a Foundation is liable to satisfy a creditor's claim in the manner provided for in Article 14(3), that creditor's rights to recovery shall be limited to the property referred to in that Article, or to the proceeds of that property, to the exclusion of any claim, right or action against the Foundation or any other property of the Foundation.

15. Heirship Rights

An Heirship Right conferred by Foreign Law in relation to the property of a living person shall not be recognised as:

(a) affecting the ownership of immovable property in the DIFC and movable property including a Digital Asset wherever it is situated for the purposes of Article 13(2)(a) and (b) or for any other purpose; or

(b) constituting an obligation or liability for any purpose.

16. Foreign judgments

(1) A foreign judgment shall not be recognised or enforced or give rise to any estoppels insofar as it is inconsistent with Articles 13, 14 and 15.

(2) No proceedings for or in relation to the enforcement or recognition of a judgment obtained in a jurisdiction other than the DIFC against:

(a) a Foundation;

(b) a Founder or Contributor of a Foundation;

(c) a member of the Council of a Foundation;

(d) a Guardian of a Foundation;

(e) a Qualified Recipient of a Foundation;

(f) a person appointed or instructed in accordance with the express or implied provisions of an instrument or disposition to exercise a function or undertake any act, matter or thing in connection with a Foundation; or

(g) property of a Foundation,

shall be entertained by the Court if that judgment is based upon the application of any law inconsistent with the provisions of this Law.

16A. Assertion of jurisdiction over Foundation Officer

(1) If any action is brought against a person in their capacity as a Foundation Officer in a foreign court or tribunal having authority over the Foundation Officer, and such foreign court or tribunal fails to dismiss such action and orders the Foundation Officer to take an action in regards to the administration of such Foundation or in respect of such Foundation's property, the Foundation Officer shall immediately upon the action of such court or tribunal and without the further order of any court, cease in all respects to act in their capacity as a Foundation Officer or to have any authority in respect of the Foundation.

(2) Upon a Foundation Officer ceasing to hold office or have authority in relation to the Foundation in accordance with Article 16A(1), such person's power or authority in regards to the Foundation shall cease and such person, shall immediately, following its removal or loss of authority hereunder, give notice in writing of such removal to the person or persons having the power to appoint a replacement Foundation Officer, as applicable.

PART 3: ESTABLISHMENT OF A DIFC FOUNDATION

17. Creation

(1) The Founder(s) may apply for the establishment of a Foundation by signing and filing with the Registrar an application for its establishment in the manner prescribed by the Registrar.

(2) The application filed with the Registrar under Article 17(1) shall be signed by each Founder and shall include:

(a) the name of the proposed Foundation;

(b) the address of the proposed Foundation's registered office in the DIFC;

(c) the full name, nationality and address of each Founder;

(d) the full name, nationality and address of each of the proposed members of the Council of the proposed Foundation;

(e) if applicable, the name and business address of the proposed Registered Agent in the DIFC;

(f) the Charter of the proposed Foundation;

(g) unless a Registered Agent is proposed to be appointed, the By-laws of the proposed Foundation; and

(h) such other particulars as the Registrar may require.

(3) A Foundation shall not use a name which does not comply with the requirements prescribed in the Operating Law.

(4) A person may not be named as a Registered Agent unless that person is a Qualified Person.

(5) Upon lodgement of the application and payment of the prescribed fee, the Registrar shall either:

(a) register the Foundation;

(b) seek further information in respect of the proposed Foundation; or

(c) refuse the application.

(6) On the registration of a Foundation, the Registrar shall:

(a) issue a certificate that the Foundation is established and such certificate shall expressly set out its status as a Foundation;

(b) assign to the Foundation a number, which shall be the Foundation's registered number; and

(c) issue a Licence in its favour.

(7) A Foundation shall hold a Licence pursuant to Article 9 of the Operating Law.

18. Constitution

The constitution of a Foundation comprises:

(a) its Charter, and

(b) subject to Article 20(4), its By-laws.

19. Charter

(1) A Foundation must have a Charter which shall be in the English language.

(2) The Charter must contain the following:

(a) its name;

(b) the object(s);

(c) a description of the initial capital;

(d) the duration of the Foundation (if it is to subsist for a limited period only); and

(e) a declaration by each Founder requesting the Council to comply with the terms of the Charter.

(3) The Charter may contain any matter:

(a) that is otherwise required or permitted to be in the By-laws in accordance with Article 20; or

(b) that the Founder(s) think fit,

(i) provided that there is no provision which is contrary to or inconsistent with this Law or the Regulations.

(4) The Charter may be amended only if:

(a) the Charter so provides; or

(b) the Court so orders under Article 41.

(5) Where a Charter specifies an exclusively charitable object, it may not provide for the amendment of the Charter so as to specify a non-charitable object in place of the charitable object.

(6) Each Founder must subscribe to the Charter, if a Founder is:

(a) an individual, by signing the Charter in his own name; or

(b) a body corporate, by an authorised signatory signing the Charter.

(7) The Board of Directors of the DIFCA may prescribe in the Regulations model provisions to be known as the "Standard Charter", and a Foundation may, for its Charter, adopt the whole or any part thereof as are applicable to that Foundation.

(8) If a Foundation proposes to amend its Charter, it must after completing its internal processes necessary to amend the Charter, lodge the amended Charter with the Registrar within a period of thirty (30) days after such amendment. A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

(9) The amended Charter shall come into force upon it being registered by the Registrar, and, if the change involves a change of name, upon the issue of a certificate of name change by the Registrar.

(10) The Charter may provide that if at any time the property of the Foundation includes any property which by reason of the law of the UAE or any other specified jurisdiction may be held only by a national of that jurisdiction or on conditions related to the nationality of persons with an interest in such property, any terms of the Charter which enable compliance with such law (including limitations of the persons who may be Foundation Officers or Qualified Recipients under the

Foundation) shall have effect, and the Charter may further provide that such provision may not be amended or revoked.

(11) If the Charter contains a provision of the type referred to in Article 19(10) then notwithstanding any other provision of this Law, that provision may not be amended or revoked.

20. By-laws

(1) The By-laws must:

(a) prescribe the functions of the Council;

(b) detail the procedures for the appointment, resignation and removal of members of the Council and any Guardian;

(c) if the members of the Council or any Guardian are to be remunerated, the details in respect thereof;

(d) set out how the decisions of the Council are to be made and, if any decision requires the approval of any other person, specify the decisions and that person;

(e) if the functions of the Council must or may be delegated or exercised in conjunction with any other person, the extent to which this must or may be done; and

(f) specify what is to happen to any property of the Foundation that remains should the Foundation be wound up and dissolved.

(2) The By-laws may:

(a) prescribe the manner in which the property of the Foundation may be distributed, accumulated or applied;

(b) detail whether, and if so how, further property may be endowed upon the Foundation;

(c) provide for the addition or removal of a person or class of persons as recipients or for the exclusion from the category of recipient of a person or class of persons, either revocably or irrevocably;

(d) detail any person's powers in relation to the Foundation (including, but not limited to, the power to appoint or remove any official, to take investment decisions or to approve the use of property);

(e) impose obligations upon recipients as a condition of receipt of any amount from the Foundation;

(f) make the potential right of a recipient in relation to a receipt of any amount from the Foundation:

(i) liable to termination;

(ii) subject to a restriction on alienation or dealing; or

(iii) subject to diminution or termination in the event of the recipient becoming bankrupt;

(g) detail the name and address of a default recipient, failing which the default recipient shall be the DIFCA; and

(h) contain any other matter that the Founder(s) deem fit.

(3) The By-laws may be amended only if:

(a) the Charter so provides, or

(b) the Court so orders under Article 41.

(4) To the extent to which matters required or authorised to be in the By-laws under Article 20(1) are contained within the Charter, such matters need not also be in the By-laws, and if all of the matters in Articles 20(1) and (2) are contained in the Charter, a Foundation need not have any By-laws.

(5) The Board of Directors of the DIFCA may prescribe in the Regulations model provisions to be known as the "Standard By-laws", and a Foundation may adopt the whole or any part thereof as are applicable to that Foundation.

(6) The Registered Agent, or the Registrar if there is no Registered Agent, shall be notified of any change to the By-laws and a copy of the amended By-laws shall be provided to the Registered Agent or filed with the Registrar, whichever is applicable, within thirty (30) days of such change. A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

21. Default recipient

(1) The Charter or By-laws may identify a default recipient to whom all property of a Foundation for which provision has not otherwise been made shall pass in the event of the termination thereof.

(2) Unless otherwise provided in the Charter or By-laws, a default recipient is not entitled to information about the Foundation, and has no rights in respect of it.

(3) If:

(a) no default recipient is named in the Charter or By-laws; or

(b) any such default recipient no longer exists,

any property of a Foundation existing at its termination shall, unless the Charter or By-laws provide otherwise, become property of the DIFCA.

22. Council

(1) A Foundation must have a Council to administer its property and to carry out its objects.

(2) The Council shall comprise at least two (2) members.

(3) A Founder or a body corporate may be appointed as a member of the Council.

(4) A member of the Council:

(a) must be so named in the Register;

(b) must ensure that the Council keeps accurate Accounting Records for the Foundation; and

(c) must comply with the provisions of this Law, the Charter and By-laws.

(5) A person must not be appointed as a member of a Council, or be so referred to in the Register, unless he has consented in writing to being a member of the Council.

(6) The appointment of a person as a member of a Council is void and will have no effect if that person is also a Guardian of the Foundation.

(7) The members of a Council must conduct the Foundation's affairs in accordance with its Charter and By-laws, this Law and any other applicable law.

(8) A Council member must:

(a) act honestly and in good faith with a view to the best interests of the Foundation;

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and

(c) declare any interest in a transaction of the Foundation at any Council meeting at which such transaction is considered.

(9) The duty under Article 22(8)(a) is fiduciary in nature.

(10) An act of a member of the Council is valid despite any defect that may afterwards be found in:

(a) the appointment of the member; or

(b) the member's qualifications.

(11) The Registrar must be notified of the details of any change in the membership of a Foundation's Council within thirty (30) days of the occurrence of the change. A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

23. Guardian

(1) If a Foundation has a charitable object, or a specified non-charitable object, the Foundation must have a Guardian in relation to that object.

(2) A Foundation may, but need not, have a Guardian in respect of an object to provide some or all of its property to a person or class of persons:

(a) whether or not immediately ascertainable; or

(b) ascertained by reference to a Personal Relationship.

(3) A Founder or a body corporate may be appointed as Guardian of a Foundation.

(4) A Guardian:

(a) must be so named in the Register;

(b) must keep and retain accurate accounts and records of his guardianship for so long as his guardianship subsists and for a period of six (6) years thereafter; and

(c) must comply with the provisions this Law, the Charter and the By-laws.

(5) A person must not be appointed as a Guardian, or be so referred to in the Register, unless he has consented in writing to being the Guardian of the Foundation.

(6) The appointment of a person as Guardian is void and shall have no effect if the person is also a member of the Council of the Foundation.

(7) The Guardian must take reasonable steps to ensure that the Council of the Foundation carries out its functions.

(8) Accordingly, the Guardian may require the Council to account to the Guardian for the way in which it has:

(a) administered the Foundation's property; and

(b) acted to further the Foundation's objects.

(9) The By-laws may give a Guardian the power to approve or disapprove any specified actions of the Council.

(10) Except to the extent that the By-laws provide otherwise, a Guardian may sanction or authorise any action taken or to be taken by the Council that would not otherwise be permitted by the By-laws if the Guardian considers that it is appropriate to do so.

(11) However, the Guardian must not sanction or authorise any action taken or to be taken by the Council unless he is satisfied:

(a) that it is in the best interests of the Foundation; and

(b) that the Council has acted, or will be acting, in good faith.

(12) If a Guardian sanctions or authorises any action of the Council under Article 23(10), the Council, in taking that action, may be presumed by third parties to have acted in good faith.

(13) Nothing in Article 23(10) is to be construed as permitting a Guardian to sanction or to authorise any action taken or to be taken by the Council that would be inconsistent with this Law or any other applicable law.

(14) The Registrar must be notified of the details of any change in Guardian within thirty (30) days of the occurrence of the change. A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

24. The Registered Agent

(1) A Foundation may, but need not, have a Registered Agent.

(2) The Registered Agent of a Foundation:

(a) must be appointed in accordance with this Law; and

(b) has, in respect of the Foundation, the functions specified in this Law and the By-laws.

(3) On the establishment of a Foundation, the proposed Registered Agent named under Article 17(2)(e) becomes the Registered Agent of the Foundation.

(4) Details of any change of the Registered Agent must be provided to the Registrar within thirty (30) days of the occurrence of the change. A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

(5) A Foundation may not have more than one Registered Agent at any time.

25. Liability of Council members and others

(1) This Article applies to a person appointed under the Charter or By-laws of a Foundation when acting or purporting to be acting in the course of that appointment.

(2) Nothing:

(a) in the Charter or By-laws; or

(b) in a contract between the Foundation and a person to whom this Article applies,

relieves, releases or excuses that person from any liability for fraud, wilful misconduct or gross negligence.

(3) Any insurance purchased and maintained by the Foundation in respect of a person to whom this Article applies must not include insurance in respect of any liability the person may incur:

(a) to the Foundation;

(b) to pay a fine in respect of a contravention of this Law; or

(c) any costs the person may incur:

(i) in defending criminal proceedings in which the person is convicted; or

(ii) in defending civil proceedings brought by the Foundation in which judgment is given against the person.

26. Reservation to Founder of powers to amend, revoke, vary or terminate

(1) Subject to Article 26(2), a Founder may not reserve to himself any powers to amend, revoke or vary the Charter or By-laws or to terminate the Foundation.

(2) A Founder may reserve the following powers:

(a) a power to amend, revoke or vary the terms of the Charter or By-laws, or both of them, in whole or in part;

(b) subject to Article 12(2), a power to amend, revoke or vary the objects of the Foundation, in whole or in part; and

(c) a power to terminate the Foundation,

provided that the power to amend, revoke, vary or terminate, as the case may be, is detailed in full in the Charter, and provided that these powers are only reserved:

(d) for a period not exceeding the duration of a Founder's life, if he is a natural person; or

(e) for a period not exceeding fifty (50) years from the date of establishment of the Foundation, if the Founder is a legal person,

and thereafter any such powers so reserved shall lapse, notwithstanding the terms of the Charter.

(3) If, at any time in respect of a Foundation:

(a) any power has been reserved or granted under Article 26(1) to more than one Founder; and

(b) more than one Founder is capable of exercising it at that time,

then such power must be exercised by those Founders unanimously unless the Charter provides otherwise.

26A. Duress

To the extent any person is granted the power under this Law, the Charter or the By-laws of a Foundation to demand or request any act on the part of a Founder, Contributor, Qualified Recipient or Foundation Officer, each such person is directed, to the extent such person would not be subject to personal liability or personal exposure:

(a) to accept or recognise only demands or requests, or the effects of any approval, veto, or compelled action or the exercise of any power, which are given by or are the result of persons acting of their own free will and not under compulsion or pursuant to any legal process, directive, order, or like decree of any court (other than the Court), administrative body, or other tribunal or like authority (other than the Registrar); and

(b) to ignore any demands or requests, or the effects of any approval, veto, or compelled action or the exercise of any power, where the person attempting to demand, request, approve, veto, compel the

act, or exercise the power is not a person either appointed or so authorised pursuant to this Law, the Charter or the By-laws of the Foundation.

PART 4: PROPERTY OF A FOUNDATION

27. Capital endowment

(1) The initial capital of a Foundation is the capital endowed upon the Foundation in order that the Foundation may be established.

(2) The initial capital may comprise any property, and may be provided by way of gift or for valuable consideration.

(3) Following the endowment of the initial capital, further property may be endowed upon the Foundation by any person if the Charter so permits.

(4) A Founder does not have any interest in a Foundation by virtue only of endowing it with its initial capital or further property or otherwise by virtue of being a Founder thereof.

(5) No person has any interest in a Foundation, or is a Founder of a Foundation, by virtue only of endowing it with further property in accordance with Article 27(3).

28. Financial Resources

The property of a Foundation shall consist of:

(a) the initial capital of the Foundation;

(b) any further amount endowed upon the Foundation and accepted by its Council;

(c) the proceeds of investment of the capital of the Foundation; and

(d) any other property acquired by its Council in accordance with the Law and Regulations.

29. Qualified Recipients

(1) A Foundation's By-laws may provide for the distribution of property of the Foundation to Qualified Recipients.

(2) A Qualified Recipient shall be one or more of the following:

(a) a person holding an entitlement specified in, or pursuant to, the By-laws to a fixed share of the property and income of the Foundation when the Foundation distributes it;

(b) a person holding a depository receipt;

(c) a person who is a prospective recipient of a fixed, or discretionary, share of the property of the Foundation upon the happening of a future event specified in the By-laws;

(d) a person who is nominated pursuant to the By-laws to be a recipient of a fixed, or discretionary, share of the property and income of the Foundation at a time following the establishment of the Foundation;

(e) a charity; and

(f) a default recipient.

(3) A Qualified Recipient has no right to or interest in the property of the Foundation other than a right to payment of amounts which arises by virtue of the terms of the By-laws or pursuant to the By-laws, or a contract with the Foundation, including a contract in relation to a depository receipt.

(4) If:

(a) a Qualified Recipient becomes entitled to receive an amount from a Foundation in accordance with the Charter or the By-laws; and

(b) the amount is not provided,

the Qualified Recipient, or a person acting on behalf of the Qualified Recipient, may seek an order of the Court ordering the Foundation to pay the amount.

(5) Except as provided by Article 29(6), a Qualified Recipient must seek an order pursuant to Article 29(4) within the period of three (3) years from the time when the Qualified Recipient became aware of the entitlement to receive the amount.

(6) If the Qualified Recipient has not attained the age of 18 years when he or she became aware of his or her entitlement to receive the amount, the period referred to in Article 29(5) begins to run on the day on which the Qualified Recipient attains that age.

30. Depository receipts

(1) A Foundation may issue securities, including depository receipts, representing specific rights to payment quantified by reference to specific parts of the property owned by the Foundation or relating to other rights or interests, whether present or future, to which the Foundation is or might be entitled.

(2) Any such securities issued by a Foundation may be subscribed for or issued in favour of any individual or legal entity.

(3) The Foundation retains full ownership of the properties and full entitlement to the rights or interest in any property in respect of which it issued securities under Article 30(1).

(4) Any payments to holders of securities issued pursuant to Article 30(1) shall be made in accordance with the terms and conditions set forth in the By-laws, or agreed to by the Foundation in accordance with procedures contained in the By-laws.

(5) In case of securities issued in connection with shares or other securities held by the Foundation, the Foundation shall retain any voting rights that may be attached to the securities it owns, unless the terms and conditions of the securities concerned expressly provide otherwise.

31. Limitation to the transferability of rights in respect of a Foundation

(1) Unless otherwise provided in the By-laws, the right to receive payments from a Foundation are transferable.

(2) The By-laws may limit the right to transfer a right to payment in one (1) or more of the following cases:

(a) the transferee is already a holder of certificates or depository receipts of the same kind, and issued by the same Foundation;

(b) the transferee is a Founder;

(c) the transferee is a Qualified Recipient of the Foundation; or

(d) the transferee is a legal entity or a natural person acting in the name or on behalf of one (1) of the persons indicated under Articles 31(2)(a), (b) or (c).

PART 5: ADMINISTRATION OF DIFC FOUNDATIONS

32. Conduct of business in the DIFC

A Foundation shall, comply with the requirements of this Law and Part 3 of the Operating Law in respect to the conduct of its business in the DIFC.

33. Accounts and Accounting Records

(1) Unless inconsistent with this Article 33, Articles 122 to 124 of the Companies Law shall apply to a Foundation, as if it were a Company and any reference to "Director(s)" or "Officer(s)" in relevant Articles in the Companies Law shall be interpreted to refer to member(s) of the Council. A Foundation which fails to keep and maintain accounts or make them available as required under this Law is liable to a fine, as set out in Schedule 3.

(2) A Foundation's accounts shall be approved by the Council and signed on their behalf by at least two members of the Council. A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

(3) A Foundation shall within thirty (30) days after the accounts have been approved by the Council:

(a) if it has not appointed a Registered Agent, file a copy of its annual accounts with the Registrar; or

(b) if it has appointed a Registered Agent, provide a copy of its annual accounts to its Registered Agent.

(4) A Foundation which fails to comply with the requirements in Article 33(3) is liable to a fine, as set out in Schedule 3.

(5) A person who makes a statement that is false, misleading or deceptive in a material way to the Registrar or the Registered Agent in respect of accounts, is liable to a fine as set out in Schedule 3.

PART 6: REGISTRAR

34. Exercise of functions of the Registrar

(1) In the exercise of his functions under this Law, the Registrar has all the powers and duties conferred upon him by:

(a) Articles 6 and 7 of the Operating Law; and

(b) Articles 22 to 33 of the Operating Law,

including the power of delegation.

(2) The Registrar may enter into an arrangement with a Registered Agent under which:

(a) any document, form or fee required by this Law or the Relevant Laws to be lodged with or paid to the Registrar for the establishment or continuation of a Foundation in the DIFC, may be lodged with or paid to the Registrar by the Registered Agent; and

(b) the Registered Agent is required to perform some or all assessments, checks and verifications required under this Law or the Relevant Laws to ascertain and confirm whether an applicant or Foundation:

(i) adheres to all AML Requirements, the UBO Regulations and other requirements of the Relevant Laws; and

(ii) maintains Accounting Records in accordance with Article 33,

and to provide a certification of such matters to the Registrar in an agreed format.

(3) The Registrar in the performance of any function under the Relevant Laws may in good faith rely, without further enquiry, upon the certification of a Registered Agent given under Article 34(2), provided that a Registered Agent shall not be liable to the Registrar for doing so, unless it has acted in breach of its agreed obligations to the Registrar, in which case (without limiting the generality of its application) Article 34(4) shall apply.

(4) The Registrar may:

(a) revoke any arrangement entered into with a Registered Agent under Article 34(2) if the Registrar is satisfied that the Registered Agent has acted in breach of its agreed obligations to the Registrar;

(b) inform the DFSA of any facts or circumstances that may amount to a breach of a Registered Agent's regulatory duties under applicable law; and

(c) inform law enforcement agencies of any alleged or suspected criminal offences on the part of a Registered Agent or its clients.

(5) Where an applicant is represented by a Registered Agent in an application to establish or continue a Foundation, the Registrar shall be permitted to communicate directly with such Registered Agent with no need to directly communicate with the applicant pursuant to this Law.

35. Register to be kept and made available for public inspection

(1) The Registrar must keep a Register for the purposes of this Law.

(2) The Register must include the information contained in Articles 17(2)(a) to (e), inclusive of the details of any changes filed with the Registrar (other than the nationality and address of any natural person, which information may be retained by the Registrar but shall not be included in the Register).

(3) The Registrar must, on payment of any prescribed fee, make the Register available for public inspection at any reasonable time.

(4) On payment of any prescribed fee, the Registrar must supply a person with a certificate stating whether or not a named body is a Foundation and, if it is, the following details as they appear in the Register:

(a) the date of its establishment;

(b) its registration number;

(c) if applicable, the name and business address of the Registered Agent in the DIFC; and

(d) the registered office of the Foundation in the DIFC.

(5) On payment of any prescribed fee, the Registrar must supply a Person with Sufficient Interest with a certified copy of the Charter as filed with the Register.

(6) The following Documents are admissible in evidence in legal proceedings:

(a) a certificate supplied by the Registrar under Article 35(4); or

(b) a certified copy of the Charter supplied under Article 35(5).

36. Keeping of records by Registrar

(1) A record delivered to the Registrar under this Law may be kept by the Registrar in any form:

(a) that is approved by the Board of Directors of the DIFCA; and

(b) that is capable of being reproduced in a legible form.

(2) The Registrar is to be taken to have complied with an obligation to keep a record if he has complied with Article 36(1) in respect of the record.

(3) The Registrar may destroy a record kept by the Registrar if:

(a) it is an original record and it has been recorded and kept in accordance with Article 36(1); or

(b) it relates solely to a Foundation that has been dissolved more than six (6) years previously.

37. Registrar may change registration number of Foundation

The Registrar may, for good cause, change the registration number of a Foundation, provided that he must inform the Foundation if he does so.

38. Power of the Registrar to refuse Documents

(1) The Registrar may refuse to accept any Document delivered under this Law if:

(a) it does not comply with this Law or the Regulations;

(b) it has not been duly completed;

(c) it contains any material error;

(d) it is not legible; or

(e) is not accompanied by the prescribed fee.

(2) If the Registrar refuses to accept a Document, the Registrar must return it to the person who submitted it together with a notice specifying the grounds upon which the Document was refused.

(3) Subject to Article 38(5), a Document refused by the Registrar is deemed not to have been delivered.

(4) A person who is aggrieved by the refusal of a Document by the Registrar may appeal to the Court within thirty (30) days after the date of refusal or such further time as the Court may allow.

(5) On hearing an appeal under Article 38(4), the Court may confirm the refusal or make such determination in the matter as it sees fit.

PART 7: JUDICIAL AND NON JUDICIAL PROCEEDINGS

39. Role of the Court in administration of Foundations

(1) The Court may intervene in the administration of a Foundation to the extent its jurisdiction is invoked by a Person with Sufficient Interest or as provided by Law.

(2) A Foundation is not subject to continuing judicial supervision unless so ordered by the Court.

(3) Unless specifically stated otherwise, any Person with Sufficient Interest in respect of a Foundation may apply to the Court to make any order or take any action specified in this Part.

(4) If the Court has to determine whether a person is a Person with Sufficient Interest in respect of a Foundation, the reference in Article 39(1) to a Person with Sufficient Interest, for the purpose of determining that question, shall include such a person.

40. Power of the Court to order compliance

(1) If the Court is satisfied that a person has failed to comply with:

(a) a requirement of this Law, the Charter or By-laws of a Foundation; or

(b) an obligation imposed on the person by this Law, the Charter or By-laws of a Foundation,

(d) the Court may order the person to comply with the requirement or obligation.

(2) If the Court is satisfied that a Foundation, acting through its Council, has failed to carry out its objects or any of them, the Court may order the Foundation to do so.

(3) An order under this Article may specify the action the person or Foundation is required to take.

41. Power of the Court to order amendment of Charter or By-laws

(1) The Court may on an application made by or on behalf of a Founder, the Foundation or a Guardian order the amendment of the Charter or the By-laws of a Foundation, if the Court is satisfied:

(a) that the change will assist the Foundation to administer its property or to attain its objects; or

(b) that those objects are no longer attainable and that the change will assist the Foundation to attain objects as near as reasonably possible to those objects.

(2) If the order is to amend a Foundation's Charter, the thirty (30) day period referred to Article 19(8) to file an amended Charter with the Registrar shall be calculated from the date of the Court order.

(3) Without limiting Article 41(1), the Court may make an order under Article 41(1) in the event that a Foundation does not have By-laws, or that the relevant provisions of the By-laws cannot be readily ascertained or are otherwise incomplete.

(4) The Court may, on an application made by or on behalf of a Founder, in its absolute discretion and on such terms and conditions as it thinks fit, by order authorise the rectification of any error, defect or omission in the Charter or the By-laws of a Foundation.

42. Power of the Court to give directions

(1) This Article applies if the Court is satisfied:

(a) that if it gives a direction it will assist a Foundation to administer its property or to carry out its objects; or

(b) that it is otherwise desirable for the Court to give a direction.

(2) The Court may on an application made by or on behalf of a Founder, the Foundation or a Guardian give a direction as to:

(a) the meaning and effect of a provision or term in the Charter or By-laws of a Foundation;

(b) the manner in which the Council is required to carry out the administration of the Foundation's property or to carry out its objects;

(c) the functions of the Council or of any of its members;

(d) the functions of any other person appointed under the By-laws of a Foundation;

(e) whether a person is a Qualified Recipient of a Foundation;

(f) the rights of Qualified Recipients under a Foundation as between themselves or as between themselves and the Foundation; or

(g) such other matters as the Court considers relevant to the Foundation, its Charter, its By-laws, the administration of its property or the carrying out of its objects.

(3) The Court may, in addition to giving a direction under Article 42(2), make such an order as it thinks fit to give effect to the direction.

43. Power of the Court to protect interests under a Foundation

(1) The Court may in any proceeding under this Part by order appoint a person to protect the interests of a person who the Court is satisfied is a Qualified Recipient under a Foundation, where the Court is satisfied that the person is unable to act on his, her or its own behalf and may by order determine the terms of such appointment, remove such person and give directions as to service of such person.

(2) A person so appointed may represent the person whose interests he has been appointed to protect in any dealing with the Foundation or in any proceeding under this Part.

(3) Where a representative has been appointed under Article 43(1), no settlement affecting a person to whom Article 43(1) applies shall be valid without the approval of the Court.

44. Power of the Court to dismiss or appoint a Registered Agent

(1) If the Court is satisfied that it is in the interest of a Foundation to do so, it may order:

(a) the removal of its Registered Agent; and/or

(b) the appointment of a Qualified Person to be its Registered Agent.

(2) The Foundation must give notice of the change of Registered Agent to the Registrar within thirty (30) days of the order of the Court under Article 44(1). A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

45. Power of the Court to take action on behalf of others

(1) This Article applies where the Court is satisfied that a person has failed to comply with:

(a) a requirement of this Law, the Charter or By-laws of a Foundation; or

(b) an obligation imposed on the person by this Law, the Charter or By-laws of a Foundation.

(2) The Court may, by order, require the Registrar comply with the requirement or obligation on behalf of the person who has failed to do so.

(3) The Court must not do so unless it is satisfied:

(a) that to do so will assist the Foundation in the administration of its property or the attainment of its objects; or

(b) that it is otherwise desirable that it should do so.

(4) Where the Court does so, its order has the same effect as if it were an action taken by the person required to comply with the requirement or obligation.

46. General power of the Court in respect of orders

(1) An order made by the Court under this Part in respect of a Foundation may, in particular, provide for the appointment or removal of a person appointed under its By-laws.

(2) Any order made by the Court under this Part may be made on such terms, and may impose such conditions, as the Court thinks fit.

47. Power to set aside a transfer or disposition of property due to mistake

(1) In this Article:

(a) 'person exercising a power' means a person who exercises a power to transfer or make other disposition of property to a Foundation on behalf of a Founder and a person who exercises a power over a Foundation or property of a Foundation; and

(b) 'mistake' includes (but is not limited to):

(i) a mistake as to:

(A) the effect of;

(B) any consequences of; or

(C) any of the advantages to be gained by,

a transfer or other disposition of property to a Foundation, or the exercise of a power over or in relation to a Foundation or property of a Foundation;

(ii) a mistake as to a fact existing either before or at the time of, a transfer or other disposition of property to a Foundation, or the exercise of a power over or in relation to a Foundation or property of a Foundation; or

(iii) a mistake of law including a law of a foreign jurisdiction; and

(c) references to a transfer or other disposition of property to a Foundation do not include a testamentary disposition.

(2) The Court may on the application of any person specified in Article 49(1), and in the circumstances set out in Article 47(3), declare that a transfer or other disposition of property to a Foundation:

(a) by a Founder or Contributor acting in person (whether alone or with any other Founder or Contributor); or

(b) through or by reason of a person exercising a power,

(e) or the exercise of a power by a person over the Foundation or property of a Foundation is voidable and:

(i) has such effect as the Court may determine; or

(ii) is of no effect from the time of its exercise.

(3) The circumstances are where a Founder, Contributor or person exercising a power:

(a) made a mistake in relation to the transfer or other disposition of property to a Foundation; and

(b) would not have made that transfer or other disposition but for that mistake,

(f) and the mistake is of so serious a character as to render it just for the Court to make a declaration under this Article.

48. Power to set aside a transfer or disposition of property exercised by fiduciary power

(1) In this Article, 'person exercising a power' means a person who exercises a power to transfer or make other disposition of property to a Foundation on behalf of a Founder and who owes a fiduciary duty to such Founder in relation to the exercise of his or her power.

(2) The Court may on the application of any person specified in Article 48(1), and in the circumstances set out in Article 48(3), declare that a transfer or other disposition of property to a Foundation by a Founder or Contributor (whether alone or with any other Founder or Contributor) through a person exercising a power, is voidable and:

(a) has such effect as the Court may determine; or

(b) is of no effect from the time of its exercise.

(3) The circumstances referred to in Article 48(2) are where, in relation to the exercise of his or her power, the person exercising a power:

(a) failed to take into account any relevant considerations or took into account irrelevant considerations; and

(b) would not have exercised the power, or would not have exercised the power in the way it was so exercised, but for the failure to take into account relevant considerations or the taking into account of irrelevant considerations.

(4) This Article applies whether or not the circumstances set out in Article 48(3) occurred as a result of any lack of care or other fault on the part of the person exercising a power, or on the part of any person giving advice in relation to the exercise of the power.

49. Applications and orders under Articles 47 and 48

(1) An application under Article 47(2) or 48(2) may be made by any Founder or Contributor or any of his or her personal representatives or successors in title, the Foundation or any person to whom property of a Foundation has been appointed.

(2) The Court may, consequential upon a declaration made under either of Articles 47 and 48, make such order as it thinks fit.

(3) Nothing in Articles 47 and 48 shall prejudice:

(a) any application for a declaration that a transfer or other disposition of property to a Foundation, or the exercise of any power over or in relation to a Foundation or property of a Foundation, is void or voidable on grounds other than those specified in those Articles; or

(b) any personal remedy which may be available against any person.

50. Provisions for facilitating Foundation division or amalgamation

(1) This Article applies where the members of the Council of one or more Foundations unanimously resolve that the property of a Foundation should be divided amongst two (2) or more Foundations, or that two (2) or more Foundations should be combined into a single Foundation.

(2) An application may made to the Court under Article 50(1) for the division of the property of the Foundation, or the amalgamation of the Foundations, on notice to all Persons with Sufficient Interest in any Foundation affected by the making of such an order.

(3) On any application under Article 50(1), the Court may make such orders as it considers appropriate to facilitate the division or amalgamation, including:

(a) establishing one or more new Foundations;

(b) appointing the members of the Council for each of such Foundations;

(c) determining that the existing members of the Council shall continue to act as members of the Council or Councils for one or more of such Foundations; or

(d) determining that the existing Foundation will continue in accordance with its existing Charter and By-laws and the other Foundation or Foundations will be established with similar or different Charter(s) or By-laws approved by the Court.

(4) The Court may take into consideration the difference in tax attributes and other pertinent factors in administering the property of any separate Foundation, in making applicable tax elections, and in making applications or distributions.

(5) A separate Foundation created pursuant to this Article 50 must be treated as a separate Foundation for all purposes from the date on which the order of the Court is made, including, but not limited to any and all issues related to the liability of the Foundation or the property of the Foundation pursuant to a contract, in tort or otherwise.

(6) In dividing the property of a Foundation between two (2) or more separate Foundations, the Court shall accomplish the division by dividing the property on a fractional basis and transferring any property not retained by the existing Foundation to the other Foundations either:

(a) with a pro rata portion of each asset forming part of the property of the existing Foundation; or

(b) on a non-pro rata basis based on either the fair market value of the assets on the date of the order or in a manner that fairly reflects the net appreciation or depreciation in the value of the assets measured from the valuation date to the date of funding.

(7) Each of the Foundations affected by any order of the Court and any Foundation established by order of the Court shall give details of the change of status or establishment of the Foundations to the Registrar in such manner as he may require.

(8) The Registrar shall make such entries in the Register as are required to give effect to the order of the Court and ensure any new or amalgamated Foundation is correctly registered.

51. Arbitration of Foundation disputes

(1) Where the Charter or By-laws of a Foundation provide that any dispute or Administration Question arising between any of the parties in relation to the Foundation shall be submitted to arbitration, that provision shall, for all purposes under the Arbitration Law have effect as between those parties as if it were an arbitration agreement and as if those parties were parties to that agreement.

(2) Where the Charter or By-laws of a Foundation do not provide that any dispute or Administration Question arising in relation to the Foundation shall be submitted to arbitration but the parties to that

dispute agree in writing to have it resolved by arbitration, that agreement shall, for all purposes under the Arbitration Law, have effect as between those parties as if it were an arbitration agreement.

(3) The Arbitration Law shall apply to an arbitration under this Law in accordance with the provisions of Schedule 2.

(4) The Court may make such orders in relation to an arbitration or possible arbitration which supplement or vary the application of Schedule 2 as the Court deems appropriate in the circumstances.

52. Powers of the arbitral tribunal

(1) This Article shall apply except to the extent otherwise provided in the Charter or By-laws of a Foundation.

(2) The arbitral tribunal may, in addition to all other powers of the tribunal, at any stage in an arbitration under this Law, exercise all the powers of the Court (whether arising by law, including this Law, under the inherent jurisdiction of the Court or otherwise) in relation to the administration of a Foundation or the rights of any party in relation to the Foundation.

(3) The arbitral tribunal has the same powers to appoint a person to represent the interests of any person (including a minor, a person unborn or unascertained) or class of person in an arbitration concerning a Foundation as the Court has in relation to proceedings before the Court.

53. Provision of information by a Foundation

(1) A Person with Sufficient Interest in a Foundation may make written requests to the Foundation for full and accurate information in respect of any of the following:

(a) the financial statements of the Foundation;

(b) the property of the Foundation;

(c) the manner in which the Foundation's property is being administered;

(d) the way in which the Foundation is carrying out its objects; and

(e) the administration of the Foundation,

(g) and the Foundation shall comply as soon as practicable after receipt of such requests provided that any such requests shall be subject to Article 53(2).

(2) Subject to Article 53(4), a Foundation is not required to provide any person with information about the Foundation where the provision of that information is prohibited under the Foundation's Charter or By-laws, unless the obligation to make such disclosure is imposed by an order of the Court.

(3) If Article 53(2) applies, the person making the request may apply to the Court under Article 39 for an order authorising or requiring the provision of the requested information, in which case it must be shown to the Court that the provision of the information is necessary or expedient to enable the determination as to whether or not:

(a) the Foundation is carrying out its objects;

(b) the Council of the Foundation is carrying out its functions;

(c) the property of the Foundation is being properly administered; and

(d) the Foundation is being properly administered.

(4) Article 53(2) does not affect any other obligation of a Foundation to supply information about the Foundation under this Law or the power of DIFCA, the Registrar or the DFSA to obtain information under any other applicable law.

53A. Limitation of actions

(1) No action or proceeding whether pursuant to this Law or at common law or in equity:

(a) to set aside the establishment of a Foundation;

(b) to set aside any disposition to any Foundation; or

(c) for any order under this Part,

shall be commenced, unless such action or proceeding is commenced in the Court before the expiration of three (3) years from:

(i) the date of the establishment of the Foundation that is sought to be set aside;

(ii) the disposition to the Foundation that is sought to be set aside; or

(iii) the right to commence the action or proceeding arising as the case may be.

(2) No action or proceeding whether pursuant to this Law or at common law or in equity shall be commenced by any person:

(a) claiming to have had an interest in property before that property was settled upon or disposed to a Foundation; and

(b) seeking to derive a legal or equitable interest in that property,

unless such action or proceeding is commenced in the Court before the expiration of three (3) years from the date that the property referred to in paragraphs (a) and (b) was disposed to a Foundation.

PART 8: CONTINUATION AND RECOGNISED FOREIGN FOUNDATIONS

54. Continuation of a Foreign Foundation in the DIFC

(1) A Foreign Foundation may, if not prohibited in terms of its founding Documents or under the laws of the jurisdiction under which it is organised, apply to the Registrar for a certificate of continuance under this Law.

(2) An application made under Article 54(1) shall be in such form as may be prescribed by the Registrar and be accompanied by a Charter of Continuance, and, if the application does not propose the appointment of a Registered Agent, the By-laws (if any) that will apply to the Foreign Foundation upon its continuance as a Foundation under this Law.

(3) A Charter of Continuance may, without so stating in the Document, effect any amendment to the organisational instruments of the Foreign Foundation that applies for continuance under this Article, if the amendment:

(a) is authorised in accordance with the law applicable to the Foreign Foundation before continuance under this Law; and

(b) is an amendment that a Foundation is entitled to make under this Law.

55. Charter of Continuance for Foreign Foundations

(1) The Charter of Continuance of a Foreign Foundation shall be written in the English language.

(2) The Charter of Continuance of a Foreign Foundation shall:

(a) be signed by all of the members of the Council or substantially equivalent officers of the Foreign Foundation;

(b) state the name of the Foreign Foundation and the name under which it will be continued in the DIFC;

(c) state the jurisdiction under which it is established;

(d) state the date on which it was established; and

(e) comply with such other requirements under this Law as apply to the Charter.

56. Certificate of continuance for Foreign Foundations

(1) Upon receipt of the Charter of Continuance and, if applicable, the proposed By-laws, the Registrar shall if he is satisfied that Articles 54 and 55 have been complied with, issue a certificate of continuance in respect of the Foreign Foundation which shall also serve as the certificate of establishment of the Foreign Foundation as a Foundation in the DIFC.

(2) On the date shown in the certificate of continuance:

(a) the Foreign Foundation shall become a Foundation in the DIFC to which this Law shall apply as if it had been established under this Law; and

(b) the Charter of Continuance shall become the Charter thereof.

57. Preservation of a Foundation

When a Foreign Foundation is continued as a Foundation in the DIFC under this Law:

(a) the property of the Foreign Foundation becomes the property of the Foundation;

(b) the Foundation continues to be liable for the obligations of the Foreign Foundation;

(c) an existing cause of action, claim or liability to prosecution is unaffected;

(d) a civil, criminal or administrative action or proceeding pending by or against the Foreign Foundation may be continued by or against the Foundation; and

(e) a conviction against, or ruling, order or judgment against or in favour of, the Foreign Foundation may be enforced against the Foundation.

58. Cancellation of registration

(1) Where a Foreign Foundation is registered as a Foundation under this Part, the Foundation shall, as soon as possible (but not exceeding a period of three (3) months), file with the Registrar any certificate or other Document issued under the law of the place in which the Foundation has ceased to be established and registered evidencing the fact that the Foundation has ceased to be established and registered under that law. A Foundation which fails to comply with this requirement is liable to a fine, as set out in Schedule 3.

(2) If the Court is satisfied that:

(a) a Foreign Foundation has been registered as a Foundation pursuant to the provisions of this Part; and

(b) the Foundation continues to be established or registered under the law of any place outside the DIFC,

the Court may, in its absolute discretion on the application of:

(i) the Foundation, any Person with Sufficient Interest or a creditor; or

(ii) the Registrar,

make an order for the removal of the Foundation's name from the Register.

(3) An order under Article 58(2) may be made subject to such terms and conditions and such penalty as the Court thinks fit.

59. Foundation leaving the DIFC

Subject to Article 60, a Foundation may:

(a) if it is authorised by unanimous resolution of the members of its Council; and

(b) if it is established to the satisfaction of the Registrar that the Foundation's proposed continuance in another jurisdiction will not adversely affect the Foundation's creditors,

apply to the appropriate official or public body of the other jurisdiction to be continued as an entity in the other jurisdiction as if it had been established under the laws of the other jurisdiction.

60. Conditions applicable to a Foundation leaving the DIFC

A Foundation may not apply for continuance in another jurisdiction, nor may it be continued under the laws of another jurisdiction, as an entity established in that other jurisdiction pursuant to Article 61 unless the laws of that other jurisdiction provide that:

(a) the property of the Foundation continues to be the property of the entity;

(b) the entity continues to be liable for the obligations of the Foundation;

(c) any existing cause of action, claim or liability to prosecution is unaffected;

(d) a civil, criminal or administrative action or proceeding pending by or against the Foundation may be continued by or against the entity; and

(e) a conviction against, or ruling, order or judgment against or in favour of, the Foundation may be enforced against the entity.

61. Discontinuance and effect

(1) Upon receipt of a notice satisfactory to him that a Foundation that has made an application under Article 59 has been continued as an entity under the laws of another jurisdiction, the Registrar must file the notice and issue a certificate of discontinuance in accordance with this Law.

(2) After a certificate of discontinuance is issued under Article 61(1) in respect of a Foundation that is continued as an entity under the laws of another jurisdiction, the Foundation's name shall be removed from the Register, but such removal does not affect the application of any Foreign Law referred to in Article 60.

62. Recognised Foreign Foundations

(1) A Foreign Foundation which wishes to conduct operations within the DIFC may apply for a Licence to be a Recognised Foreign Foundation in the DIFC for the purposes of this Law, in accordance with Article 9 of the Operating Law.

(2) An application made under Article 62(1) shall be in such form as may be prescribed by the Registrar and accompanied by the prescribed fee.

(3) A Recognised Foreign Foundation must appoint a Registered Agent, have a registered office in the DIFC and comply with the requirements of this Law and where applicable, Part 3 of the Operating Law, in respect to the conduct of its business in the DIFC.

(4) A Recognised Foreign Foundation may not carry out any commercial activities, except those necessary for, and ancillary or incidental to, its objects.

(5) Article 24 and Part 5 of this Law and Articles 133 to 139 of the Companies Law shall apply with all necessary modifications to a Recognised Foreign Foundation, including that it shall not be necessary for a Recognised Foreign Foundation to appoint an Approved Person.

63. Continuation of Company as a DIFC Foundation

(1) A Company incorporated under the Companies Law may, if authorized by a unanimous resolution of all of its shareholders, apply to the Registrar for a certificate of continuance under this Law.

(2) An application made under Article 63(1) shall be in such form as may be prescribed by the Registrar and be accompanied by a Charter of Continuance, and, if the application does not propose the appointment of a Registered Agent, the By-laws (if any) that will apply to the Company upon its continuance as a Foundation under this Law.

(3) A Charter of Continuance and proposed By-laws (if any) shall effect any amendment to the memorandum and Articles of Association of the Company that applies for continuance under this Article necessary to make the Charter and By-laws conform to this Law and any other relevant law applicable in the DIFC, and may make any other amendments which are permitted by this Law.

64. Charter of Continuance of a Company

(1) The Charter of Continuance of a Company shall be written in the English language.

(2) The Charter of Continuance of a Company shall:

(a) be signed by all of the directors of the Company;

(b) state the name of the Company and the name under which it will be continued in the DIFC as a DIFC Foundation;

(c) state the date on which it was established; and

(d) comply with all other requirements under this Law that apply to a Charter.

65. Certificate of continuance of a Company

(1) Upon receipt of the Charter of Continuance and, if applicable, the proposed By-laws, the Registrar shall if he is satisfied that Articles 63 and 64 have been complied with, issue a certificate of continuance in respect of the Company which shall also serve as the certificate of establishment of the Company as a Foundation in the DIFC.

(2) On the date shown in the certificate of continuance:

(a) the Company shall become a Foundation in the DIFC to which this Law shall apply as if it had been established under this Law;

(b) the Charter of Continuance shall become the Charter thereof in the place of its memorandum and Articles of Association; and

(c) the Company shall cease to be registered as a Company in the DIFC.

66. Preservation of a Company as a Foundation

When a Company is continued as a Foundation in the DIFC under this Law:

(a) the property of the Company becomes the property of the Foundation;

(b) the Foundation continues to be liable for the obligations of the Company;

(c) an existing cause of action, claim or liability to prosecution is unaffected;

(d) a civil, criminal or administrative action or proceeding pending by or against the Company may be continued by or against the Foundation; and

(e) a conviction against, or ruling, order or judgment against or in favour of, the Company may be enforced against the Foundation.

66A. Continuation of DIFC Foundation as a Company

(1) A DIFC Foundation registered pursuant to this Law may, if it is:

(a) permitted under its Charter and By-laws to do so; and

(b) authorised by a unanimous resolution of its Council Members,

apply to the Registrar for a certificate of continuance under the Companies Law.

(2) An application made under Article 66A(1) shall be in such form as may be prescribed by the Registrar and be accompanied by Articles of Continuation that comply with Articles 11(1) and 11(2) of the Companies Law, the written agreement of the proposed shareholders of the Company to hold the shares referred to in Article 66B(2)(c) and any other Document prescribed by the Registrar.

(3) The Articles of Continuation shall make any amendments to the Charter and By-laws of the DIFC Foundation necessary to make the Articles of Continuation conform to the Companies Law and any other relevant law applicable in the DIFC, and may make any other amendments which are permitted by the Companies Law.

66B. Articles of Continuation of a Company

(1) The Articles of Continuation of a DIFC Foundation continuing under the Companies Law shall be written in the English language.

(2) The Articles of Continuation shall:

(a) be signed by all of the Council Members of the Foundation;

(b) state the name of the Company and the name under which it will be continued in the DIFC as a Company;

(c) state the date on which it was established;

(d) identify the amount of the property of the Foundation which shall become its paid up share capital, the amount paid up on each share, and which of the Qualified Recipients will upon continuation be the members of the Company and the number of shares each shall hold; and

(e) comply with all other requirements under the Companies Law that apply to Articles of Association.

66C. Certificate of continuation of a DIFC Foundation

(1) Upon receipt of the Articles of Continuation the Registrar shall if he is satisfied that Articles 66A and 66B have been complied with, issue a certificate of continuance in respect of the Company, which shall also serve as the certificate of establishment of the DIFC Foundation as a Company.

(2) On the date shown in the certificate of continuance:

(a) the DIFC Foundation shall become a Company to which the Companies Law shall apply as if it had been established under the Companies Law;

(b) the Articles of Continuation shall become the Articles of Association thereof in the place of its Charter, and By-laws (if applicable); and

(c) the DIFC Foundation shall cease to be registered as a Foundation in the DIFC.

66D. Preservation of a DIFC Foundation as a Company

When a DIFC Foundation is continued as a Company in the DIFC under the Companies Law:

(a) the property of the Foundation becomes the property of the Company;

(b) the Company continues to be liable for the obligations of the Foundation;

(c) an existing cause of action, claim or liability to prosecution is unaffected;

(d) a civil, criminal or administrative action or proceeding pending by or against the Foundation may be continued by or against the Company; and

(e) a conviction against, or ruling, order or judgment against or in favour of, the Foundation may be enforced against the Company.

PART 9: DISSOLUTION OF FOUNDATIONS

67. Dissolution

(1) A Foundation shall be dissolved where:

(a) the Foundation is established for a definite period and that period expires;

(b) the object(s) of the Foundation are fulfilled or become incapable of fulfillment, and the members of the Council, by unanimous decision, so resolve;

(c) any provision of the Charter or By-laws of the Foundation so requires;

(d) the Court orders that the Foundation be dissolved under Article 68; or

(e) the Registrar strikes the Foundation off the Register in accordance with Article 71.

(2) Where a Foundation is dissolved pursuant to the provisions of Article 67(1), the members of the Council, or such other person as may be authorized by the Charter or By-laws of the Foundation to supervise the dissolution of the Foundation, shall do all things that are necessary for orderly supervision of dissolution of the Foundation, and shall collect the property of the Foundation, and after discharging or making adequate provision for the discharge of the obligations of the Foundation shall distribute the remaining property in the manner provided in Article 69.

68. Court dissolution

(1) A Foundation may, upon application, by an order of the Court be dissolved if the Court is of the opinion that:

(a) the Foundation is insolvent;

(b) it is just and equitable that the Foundation be dissolved; or

(c) it is prejudicial to the interest of the DIFC for a Foundation to remain on the Register.

(2) An application for the dissolution of a Foundation under Article 68(1)(a) or (b) may be made by the Foundation, a member of the Council of the Foundation, a Guardian of the Foundation or by a creditor of the Foundation.

(3) An application for the dissolution of a Foundation under Article 68(1)(c) may be made by the DIFCA.

(4) Where the Court orders that a Foundation be dissolved under this Article, the Court may appoint a person to supervise the dissolution of the Foundation and may, from time to time, direct the manner in which the dissolution is to be conducted.

69. Distribution of property

(1) Subject to Article 69(2), where a Foundation is dissolved and there remains some property after its dissolution such property shall be the property of the person who, according to the Charter or By-laws, is entitled to receive any property remaining after the dissolution of the Foundation.

(2) In the event that:

(a) there is no person entitled to receive the remaining property of the Foundation as provided in Article 69(1); or

(b) the person entitled to receive the remaining property refuses to accept the transfer of the property,

and there is no relevant provision in the Charter or By-laws of the Foundation, the remaining property shall vest in the DIFCA.

70. Application of insolvency rules in winding up

(1) Unless the Regulations provide otherwise, in the winding up of an insolvent Foundation the same rules concerning rights of creditors, proof of debts, valuation of liabilities and preferential payments as are in operation for the time being under the Insolvency Law with respect to the estates of insolvent companies apply and must be observed.

(2) The Regulations may provide for the manner in which the Insolvency Law will apply to the winding up of insolvent Foundations.

71. Dissolution by the Registrar

(1) If the Registrar has reason to believe that:

(a) a Foundation is acting in contravention of this Law and the Regulations; or

(b) it is prejudicial to the interest of the DIFC for a Foundation to remain on the Register,

he may give notice to the Foundation that at the conclusion of three (3) months from the date of the notice, the Foundation shall be struck off the Register unless reason is shown to the contrary.

(2) If by the end of the three (3) month period, the Registrar has not received from the Foundation an objection to the striking off of the Foundation from the Register or from any other party sufficient reason as to why the Foundation should not be struck off the Register, the Registrar may strike the name of the Foundation off the Register and the Foundation shall be dissolved.

(3) When a Foundation has been struck off the Register under Article 71(2), the Foundation or its liquidator may apply to have the name of the Foundation reinstated on the Register, provided such application is made prior to the sixth anniversary of its removal from the Register.

(4) Where an application is made under Article 71(3) and upon payment of all outstanding fees and penalties to the Registrar, the Registrar may reinstate the Foundation on the Register.

(5) Where the Foundation is reinstated on the Register under Article 71(4), the Foundation is deemed to have continued in existence as if it had not been dissolved or struck off the Register.

(6) Upon dissolution of a Foundation under this Article, its outstanding property shall become the property of the DIFCA, provided that if it is reinstated to the Register such property shall once again become the property of the Foundation.

72. Publication of dissolution

The Registrar shall publish the dissolution of a Foundation on the website of the DIFC.

PART 10: FINES AND FEES

73. Fines

(1) A Foundation which contravenes a requirement of this Law to provide information to its Registered Agent, is liable to a fine, as set out in Schedule 3.

(2) A Foundation which in any Document or other communication provided to its Registered Agent, makes a statement which is false or intentionally misleading in any particular, is liable to a fine, as set out in Schedule 3.

(3) Part 1 of Schedule 3 to this Law contains a list of fines applicable to any contravention of this Law.

(4) Articles 36 to 38 of the Operating Law apply in relation to proceedings by the Registrar in respect of contraventions, or possible contraventions, of this Law.

(5) Article 35 of the Operating Law applies in respect of the involvement of persons knowingly concerned in a contravention of this Law or the Regulations.

74. Fees

(1) Part 2 of Schedule 3 to this Law contains a list of fees payable to the Registrar in connection with this Law unless otherwise provided in the Regulations.

(2) Regulations under this Law may:

(a) increase or decrease the amount of any fee specified in Part 2 of Schedule 3; and

(b) prescribe further fees payable for the purposes of this Law.

SCHEDULE 1
INTERPRETATION

1. Rules of interpretation

(1) In the Law, a reference to:

(a) a statutory provision includes a reference to the statutory provision as amended or re-enacted from time to time;

(b) a "person" includes any natural person, body corporate or body unincorporate, including a company, partnership, unincorporated association, government or state;

(c) an obligation to publish or cause to be published a particular Document shall, unless expressly provided otherwise in the Law, include publishing or causing to be published in printed or electronic form;

(d) a "day" means a calendar day, unless expressly stated otherwise. If an obligation falls on a calendar day which is either a Saturday, Sunday or an official public holiday, the obligation shall take place on the next calendar day which is a business day;

(e) a "business day" means a calendar day, excluding Saturdays, Sundays or official public holidays;

(f) a "week" shall mean a calendar week or seven (7) days, whichever is applicable in the circumstances;

(g) a "month" shall mean a period of thirty (30) days;

(h) a "year" shall mean a period of three hundred and sixty five (365) days and a "calendar year" shall mean a year of the Gregorian calendar;

(i) a reference to the masculine gender includes the feminine;

(j) the singular shall include the plural and vice versa; and

(k) "dollar" or "$" is a reference to United States Dollars unless the contrary intention appears.

(2) The headings in the Law shall not affect its interpretation.

(3) A reference in this Law to a Part, Chapter, Article or Schedule by number only, and without further identification, is a reference to the Part, Chapter, Article or Schedule of that number in this Law.

(4) A reference in an Article or other division of this Law to an Article by number or letter only, and without further identification, is a reference to the Article of that number or letter contained in the Article or other division of this Law in which that reference occurs.

(5) Unless the context otherwise requires, where this Law refers to an enactment, the reference is to that enactment as amended from time to time, and includes a reference to that enactment as extended or applied by or under another enactment, including any other provision of that enactment.

(6) References in this Law to writing, filing, instrument or certificate include any mode of communication that preserves a record of the information contained therein and is capable of being reproduced in tangible form, including electronic means.

2. Legislation in the DIFC

References to legislation and guidance in the Law shall be construed in accordance with the following provisions:

(a) Federal Law is law made by the federal government of the United Arab Emirates;

(b) Dubai Law is law made by the Ruler, as applicable in the Emirate of Dubai;

(c) DIFC Law is law made by the Ruler (including, by way of example, this Law), as applicable in the DIFC;

(d) this Law is the Foundations Law, DIFC Law No. 3 of 2018 made by the Ruler;

(e) the Regulations are legislation made by the Board of Directors of the DIFCA under this Law and are binding in nature;

(f) the Enactment Notice is the enactment notice pursuant to which this Law is brought into force; and

(g) Guidance is indicative and non-binding and may comprise (i) guidance made and issued by the Registrar under this Law or the Regulations; and (ii) any standard or code of practice issued by the Board of Directors of the DIFCA which has not been incorporated into the Regulations.

3. Defined terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

Term	Definition
Accounting Records	Records and underlying Documents comprising initial and other accounting entries and associated supporting Documents, such as: (a) cheques; (b) records of electronic funds transfers; (c) invoices; (d) contracts; (e) the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries; and (f) work sheets and spread sheets supporting cost allocations, computations, reconciliations and disclosures.
Administration Question	any relief or question in respect of which an action, application or other reference to the Court could be brought or made under this Law.
AML Requirements	any requirements under applicable DIFC Law or Federal Law in relation to anti-money-laundering, counter-terrorist financing and sanctions applicable to a Registered Person in the DIFC.
Arbitration Law	the Arbitration Law DIFC Law No. 1 of 2008.
Articles of Association	has the meaning given to it in the Companies Law.
Articles of Continuation	the articles of continuation of a Company required under Article 66B.
Board of Directors of the DIFCA	the governing body of the DIFCA appointed by the President under Dubai Law No. 5 of 2021.
By-laws	includes any Document, by whatever name called, which complies with the requirements of this Law relating to the by-laws of a Foundation.
Charter	includes any Document, by whatever name called, which complies with the requirements of this Law relating to the charter of a Foundation.
Charter of Continuance	the charter of continuance of a Foreign Foundation or a Company required under Article 55 or Article 64, whichever is applicable.
Companies Law	the Companies Law DIFC Law No. 5 of 2018.
Company	a private company established pursuant to the Companies Law.

Term	Definition
Contribute	in the context of a Contributor, to pass, or covenant to pass, the title in property absolutely, with or without consideration, to a Foundation so that the property is an asset of the Foundation (and "to pass", for the objects of this definition, includes whatever act may be necessary in relation to that property to transfer title effectively) and "contribution" is to be construed accordingly.
Contributor	a person, other than a Founder, who Contributes property to the Foundation.
Council	the council of a Foundation established to administer a Foundation's property and to carry out its objects under Article 22.
Court	the DIFC Courts as established under Dubai Law No. 12 of 2004.
DFSA	the Dubai Financial Services Authority.
DIFC	the Dubai International Financial Centre.
DIFCA	the Dubai International Financial Centre Authority.
Digital Asset	has the meaning given in Article 8 of the Digital Assets Law.
Digital Assets Law	the Digital Assets Law DIFC Law No. 2 of 2024.
dispute	includes a difference.
Document	includes summons, notice, statement, return, account, order and other legal process, and registers.
Enforce	in relation to a Foundation means to require or compel members of the Council to execute, carry out and perform their duties under the Foundation's Charter and By-laws in relation to its non-charitable objects and to bring and prosecute proceedings to enforce the terms of the Charter and By-laws.
Foundation	means: (a) a foundation established in accordance with this Law; and (b) any Foreign Foundation which is established in another jurisdiction and which has transferred its registration to the DIFC in accordance with this Law.
Foundation Officer	means: (a) a Council member; (b) a Guardian; or (c) any other person who has the authority to approve, veto, or compel any action or exercise any power which affects or will affect a Foundation or any interest in the property of a Foundation.
Founder	a person who contributes property to a Foundation in order to establish it in accordance with Article 17(1).
Foreign Law	any law other than DIFC Law.
Foreign Foundation	an entity that: (a) is organised in a jurisdiction other than the DIFC; and (b) has characteristics that would, if it were in the DIFC, enable it to be established as a Foundation under this Law, but does not include a Foreign Foundation which has become a Foundation under Part 8 of this Law.

Term	Definition
Guardian	the person who is the guardian of a Foundation by virtue of Article 23.
Heirship Right	any right, claim or interest in, against or to property of a person arising, accruing or existing in consequence of, or in anticipation of, that person's death, other than any such right, claim or interest created by will or other voluntary disposition by such person or resulting from an express limitation in the disposition of the property of such person.
Income	includes rents and profits.
Insolvency Law	the Insolvency Law DIFC Law No. 1 of 2019.
Licence	has the meaning given to the term in the Operating Law.
Object	includes a purpose.
Operating Law	the Operating Law DIFC Law No. 7 of 2018.
person	has the meaning given in Article 1 of this Schedule.
Person with Sufficient Interest	in respect of a Foundation, means: (a) the Foundation; (b) a Founder; (c) a Contributor; (d) if any rights a Founder had in respect of the Foundation have been assigned to some other person, that other person; (e) a member of the Council; (f) a Guardian; (g) the Registered Agent; (h) a person appointed under the By-laws; (i) a Qualified Recipient in respect of an application under Article 29(4); (j) in respect of a specified object of the Foundation which is charitable, the DIFCA or a person designated by it; (k) a person who, in the view of the Court, can reasonably claim to speak on behalf of an object or object of the Foundation; or (l) a person who the Court determines to be a Person with Sufficient Interest under Article 39(4).
Personal Relationship	includes every form of relationship by blood, adoption, marriage or cohabitation regardless of whether the law of any jurisdiction recognises the validity, legitimacy or existence of the relationship, including a former personal relationship which has in law or in fact terminated and in particular a personal relationship between two persons exists if: (a) one is the child of the other, natural or adopted, whether or not the adoption is recognised by law, legitimate or illegitimate; (b) one is married to the other, whether or not the marriage is recognised by law; (c) one cohabits with the other or so conducts himself or herself in relation to the other as to give rise in any jurisdiction to any rights; (d) obligations or responsibilities analogous to those of parents and child or husband and wife; or (e) personal relationships exist between each of them and a third person,

Term	Definition
	but no change in circumstances shall cause a personal relationship once established to terminate.
power	includes a discretion as to the way in which an obligation is performed.
President	the President of the DIFC appointed by a decree of the Ruler pursuant to Dubai Law No. 5 of 2021.
Property	any movable or immovable property including a Digital Asset, and includes rights and interests, whether present or future and whether vested or contingent and where it concerns the property of a Foundation, it shall include: (a) any property (including money, investments and other property) contributed to the Foundation; (b) any capitalised income added to the property so contributed; and (c) the money, investments and property from time to time representing those assets and capitalised income.
Qualified Person	a person: (a) licenced by DIFCA to undertake the activity of acting as a Registered Agent of Foundation as part of its permitted activities; and (b) registered with the DFSA as an Authorised Firm or a Designated Non-Financial Business or Profession licensed to undertake corporate services business in the DIFC.
Qualified Recipient	in respect of a Foundation that has the provision of a benefit to a person or to a class of persons as one of its objects, means a person (whether or not yet born or otherwise in existence) who is or who becomes a member of a class of persons that is: (a) specified in the Charter; or (b) determined in accordance with: (i) the By-laws; or; (ii) a direction of the Court under Article 41(2).
Recognised Foreign Foundation	a Foreign Foundation registered with the Registrar under Article 62.
Records	Documents, information and other records however stored.
Register	the register to be kept by the Registrar pursuant to Article 35.
Registered Agent	a Qualified Person who is the registered agent of a Foundation pursuant to Article 24.
Registered Person	has the meaning given to it in the Operating Law.
Registrar	the Registrar appointed under the Operating Law.
Relevant Laws	the Operating Law and the regulations issued pursuant to that law and this Law.
Ruler	the Ruler of the Emirate of Dubai.
Schedule	a schedule to this Law.
UBO Regulations	the Ultimate Beneficial Ownership Regulations 2018.

SCHEDULE 2

APPLICATION OF THE ARBITRATION LAW

1. The Arbitration Law shall apply and be construed with respect to a Foundation arbitration, as stated hereunder.

2. In the Arbitration Law, "dispute" includes an Administration Question.

3. Article 12(1) of the Arbitration Law shall apply as if it read:

   "*A Founder or* Contributor *of a Foundation shall be free to determine (by provision in the* Charter *or* By-laws *of the Foundation) how, in relation to a Foundation, disputes are resolved, subject only to such safeguards as are necessary in the public interest;*"

4. Where in the Arbitration Law reference is made to a matter agreed between the parties to an arbitration agreement (including a matter which may be authorised, chosen, conferred, designated, nominated or vested by the parties) that matter shall (except where no effective provision is made) be determined as provided in the Foundation's Charter or By-laws.

5. Neither Article 12 of the Arbitration Law nor any rule of law or construction treating an arbitration agreement separate to any agreement of which it is a part shall apply in relation to a Foundation arbitration.

6. The term "action" in Article 13 of the Arbitration Law includes an application or other reference to the Court concerning an Administration Question which the Charter or By-laws of the Foundation requires to be submitted to arbitration and a stay of that application or other reference may be sought by any of the parties in relation to the Foundation, whether or not a party to that application or other reference.

7. In any application or other reference to the Court referred to in paragraph 6, the Court may stay the proceedings on its own volition unless all parties in relation to the Foundation affected by the application are before it or are represented by persons before it.

8. For the objects of enforcing an arbitral award under Article 41(2)(a)(iii) of the Arbitration Law, the term "dispute" includes an Administration Question.

SCHEDULE 3

FINES AND FEES

PART 1

Article	*Contravention*	*Maximum Fine (USD)*
10(7)	Person failing to provide a copy of assignment of rights	$1,500
19(8)	Foundation failing to notify Registrar of changes to Charter	$2,000
20(6)	Foundation failing to notify Registered Agent or Registrar of changes to By-laws	$2,000
22(11)	Foundation failing to notify Registrar of changes to Council	$2,000
23(14)	Foundation failing to notify Registrar of changes to Guardian	$2,000
24(4)	Foundation failing to notify Registrar of changes to Registered Agent	$2,000
33(1)	Foundation failing to keep accounts or Accounting Records, or to make them available	$10,000
33(2)	Foundation failing to have its accounts approved by Council members	$5,000
33(4)	Foundation failing to file accounts	$10,000
33(5)	Person making a statement that is misleading, false or deceptive in a material way in respect of accounts	$10,000
44(2)	Foundation failing to give notice of changes in Registered Agent	$2,000
58(1)	Foundation failing to notify the Registrar of cancellation of registration	$2,000
73(1)	Foundation failing to provide information to its Registered Agent	$10,000
73(2)	Foundation making a false or misleading statement to its Registered Agent	$10,000

PART 2

The following fees are payable in respect of applications and notifications made in accordance with the Regulations.

Application or notification	**Fee Payable (USD)**
Application for registration of a Foundation	Nil
Application for grant or renewal of a Licence	$350
Notification of appointment and cessation of a Registered Agent (if appointed)	$100
Notification of change of particulars of the appointed Registered Agent	$100
Notification of an appointment and cessation of a Council member	$100
Notification of change of particulars of a Council member	$100
Notification of an appointment and cessation of a Guardian	$100
Notification of change of particulars of a Guardian	$100
Amendment of the Charter by the Founder(s) or in the event of Founder's death by Court Order	$100
Continuation to DIFCA	$500
Continuation from DIFCA	$500
Application for registration of a Foreign Foundation	Nil
Reinstatement of a Foundation on the Register	Nil