

**Unlocking the Middle East**  
**Dublin, 23 April 2009**  
**The Difference in Middle East Fund**  
**Structures**

**Dallas J McGillivray**

# Background

## History – Investing Offshore

### Migration factors

- Political and other risks
- Illiquidity of markets
- Lack of local products
- Absence of sophisticated local investment managers.

# Background

Winners were

- Non local domiciled funds (e.g. Irish UCITS)
- Non local (Europe/Far East/Australia)
  - Asset Managers
  - Administrators
  - Trustee/Depositary's

Distribution of non local domiciled funds

- International Banks
  - Wholesale Market

# Background

Rapid growth of Islamic Finance

Demographic Changes

Increase demand for saving products

\$US 1.4 trillion

Growth – remarkable world-wide

- US\$ 1.9 billion 2000
- US\$10.3 billion 2006

Global market share

- 1.8% banking assets 2000
- 6.2% banking assets 2006

# Background

## Opportunities & Advantages

- 100% foreign ownership
- 0% tax rate on income and profits
- Wide network of double tax treaties
- No restriction of foreign exchange or capital/profit repatriation
- Standard of regulation based on European legislation and practices
- Increasing supervision on money laundering laws
- Modern office accommodation
- State of the art technology / sophisticated infrastructure
- Data Protection / security
- High standard business continuity facilities

# Regulatory Structure

Modelled on the UK/European regulatory regimes

Dubai/Qatar – mirror images of

- UCITS Regulations
- UK FSA COLL regulations
- FSA Conduct of Business rules

Bahrain – based on Luxembourg legislation

# Regulatory Structure

## Main Thrust for Regional Regulators

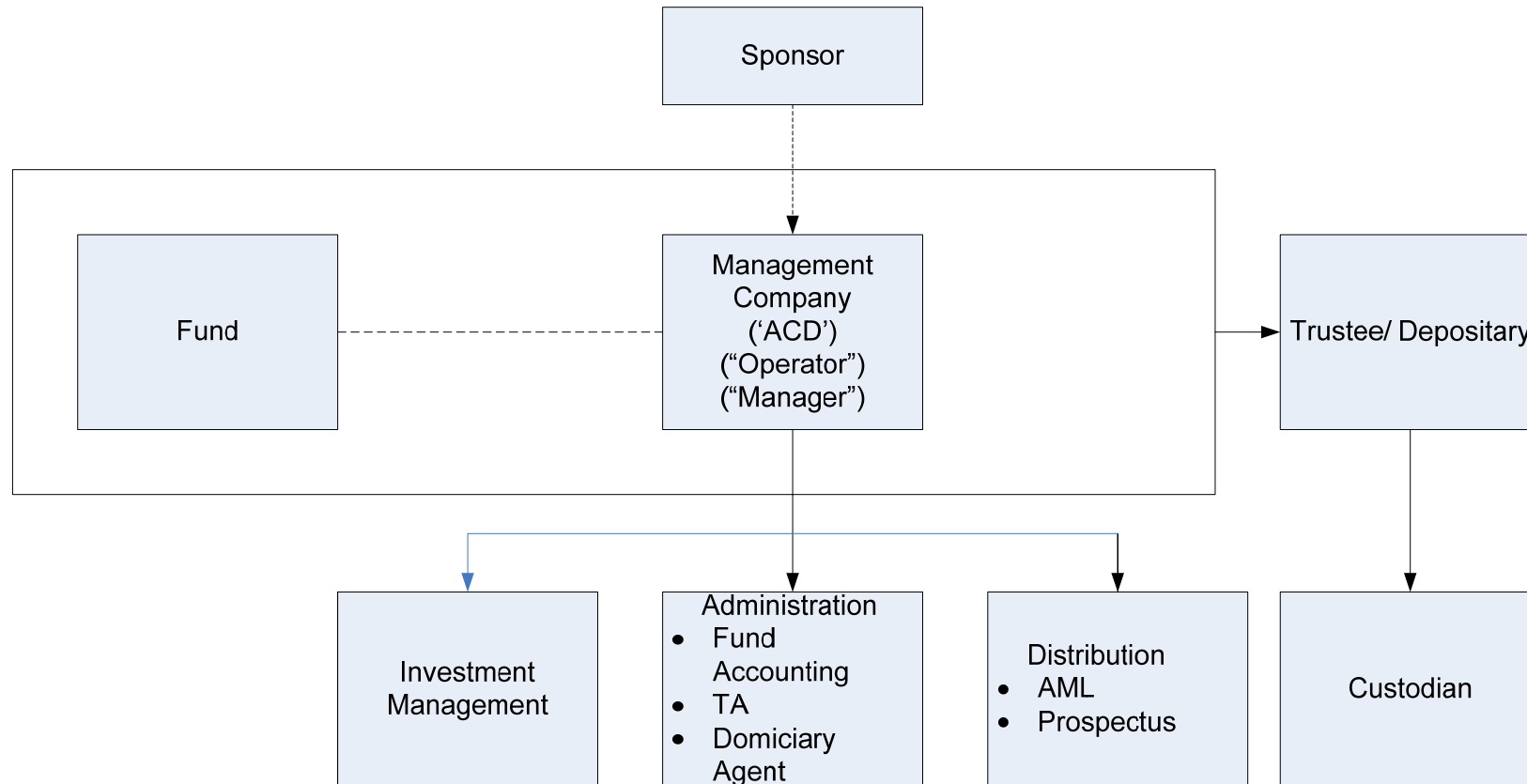
- Conduct of Business Rules
- Anti-Money Laundering regulations

## International Standards

- Basel Committee
- International Association of Insurance Supervision
- International Organisation of Securities Commissions

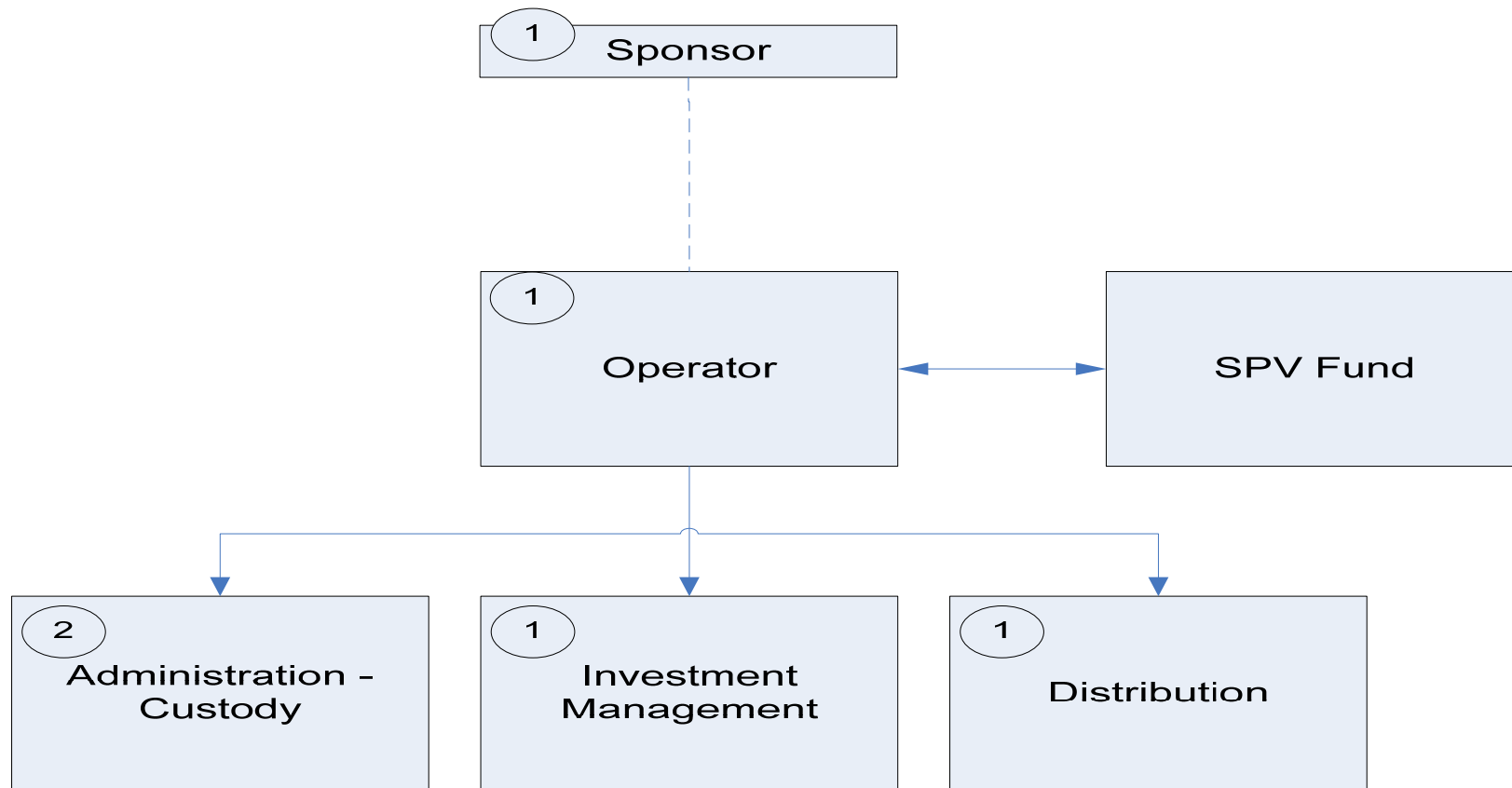
# Fund Structures

## European Model



# Fund Structures

## Middle East OEIC Structure



# Competition

Great competition across region

Bahrain – global leader in Islamic finance

- 25 Islamic banks
- 11 Islamic Insurance Companies (takaful)
- Greatest number of domestic funds

# Ultimate Winner



# Contact

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