

# Jebel Ali Offshore Companies (JAOC) FAQ

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## **1. What Share Capital is required?**

The Law does not require a specific amount nor does it provide a “standard share capital”. Generally an amount of Dhs 10.000, - (1000 shares with share value of Dhs 10) appears sufficient and acceptable to the Jebel Ali Free Zone Authority (JAFZA).

The share capital has to be divided in shares of equal nominal value. The share capital may be agreed in Arab Emirates Dirhams (AED, Dhs) or United States Dollars (US\$).

## **2. Where do I have to declare the objects of the JAOC?**

The activities of the Company are to be described In the Application Form for the registration. Such activities have to correspond with the objects as inserted in the Articles of Association of the JAOC, cf. for certain restrictions Clause 15 JAOC Reg.

## **3. For what activities is a JAOC in particular of interest?**

Generally speaking the objects of a JAOC may be:

- General Trading;
- Owning real estate,
- Holding,
- Serving as an instrument for inheritance issues.

## **4. What activities are not permitted by a JAOC?**

### **A. Activities as listed in Art. 15 JAOC Reg:**

Art. 15 Restrictions on Activities

No offshore company which is incorporated under these Regulations shall:

- carry on business with persons resident in the United Arab Emirates;
- own an interest in real property situate in the United Arab Emirates, other than a lease referred to in Regulation 15(2) or as approved by the Authority;
- carry on banking business;
- carry on business as an insurance or re-insurance company, insurance agent or insurance broker; or
- carry on any other business which may, by regulations made by the Authority, be prohibited by the Authority.

An offshore company shall not be treated as carrying on business with persons resident in the United Arab Emirates by reason only that:

- it makes or maintains professional contact with legal consultants, accountants, management companies or other similar persons carrying on business within the United Arab Emirates;
- it prepares and maintains books and records within the United Arab Emirates;
- it holds within the United Arab Emirates meetings of its directors or members;
- it holds a lease of property for use as a registered office or owns real property on the Palm Islands or Jumeirah Islands or any properties owned by Nakheel Company LLC or any other real property approved by the Authority; or
- it holds an account in a bank in the United Arab Emirates for the purpose of conducting its routine operational transactions.

If an offshore company wishes to conduct trade or other business in the Zone or elsewhere in the United Arab Emirates, it must obtain the appropriate licence to conduct the trade or other business activity from the competent authorities.

### **B. and the JAFZA Circular of 15th May 2007 (cancelling the previous circular of 22nd June 2005):**

- Insurance,
- Banking,
- Financial Professional Services,
- Consulting,
- Intellectual Property,
- Media,
- Security,
- Publishing,
- Advertising,
- Movie Production,
- Gambling,
- Casino,
- Came and Win,
- Advisory,
- Real Estate,
- Military,
- Education.

**5. What documents are required in case the Shareholder/Member is an Individual?**

The Applicant has to submit the following documents:

- Passport copies of the shareholder(s) / members;
- Certificate of good standing of the shareholder(s) / members from their bank (bank statement may be required by the local bank in order to open a bank account in UAE);
- Documentary proof of the present (private) residence of the shareholder(s) / members;
- CV of the shareholder(s) / members;
- Power of Attorney of the shareholder(s) / members for the Registered Agent to execute the required actions for the formation of the JAOC.
- It is not necessarily required, but when the Client is available in Dubai, it is suggested to give Specimen signature of the shareholder and directors in front of JAFZA Registrar in order to make all changes in the company later on less complicated (change of directors, share transfers, etc).

**6. What documents are to be legalized in case the Shareholder/Member is an Individual(s)?**

Only the Power of Attorney of the individual shareholder(s) / members for Registered Agent to execute the required actions for the formation of the JAOC. If shareholders are available in UAE, it is suggested to sign such Power of Attorney in Notary Public in UAE (to save the time and costs).

**7. How the notarization and legalization of documents can be accomplished?**

In the U.A.E. documents may be signed bi-lingual in front of a Notary Public at the Dubai Courts. Note: The U.A.E. Notary Public, who is accepting only Arabic or bi-lingual English/Arabic PoAs.

Abroad the documents may be signed in front of a Notary Public and legalized by the concerned authorities of that country up to the UAE Embassy.

**8. What documents are required in case the Shareholder/Member is legal entity?**

The following documents are required:

1. Board Resolution of the Shareholder/Member for the formation of a JAOC and a power of attorney for Registered Agent to do the formation procedure (the draft will be provided by Registered Agent) and to act as the JAOC's Registered Agent.,
2. English copy of the Shareholder/Member's Articles of Association,
3. Registration Certificate of the Shareholder/Member (excerpt from Commercial Register)

### **9. What time is required to form a JAOC**

After all information, instructions and documents have been received by R&M required to form a JAOC, it may take from 5 days to 3 weeks for completing the formation of the JAOC, including but not limited to preparing and submitting the Application, negotiating details and signing the Articles of Association and to negotiate and/or comply with requests JAFZA may have (e.g. choosing another name for the JAOC). (During this time JAFZA is also checking the background of each applicant).

Note: The share capital may be transferred after the formation and after the JAOC has got its bank account.

### **10. Am I entitled to a resident visa as a shareholder of a JAOC?**

The Member / shareholder of a JAOC, which has neither an office in the JAFZ nor a branch in Dubai, are not entitled to obtain residence visa.

### **11. What documents are generally to be legalized?**

There is no standard rule or practice. Many official organisations – like banks, business and property registrars, courts, government offices – frequently require that all foreign documents be authenticated and legalised. The United Arab Emirates have not signed the Hague Convention Abolishing the Requirements of Legalisation for Foreign Public Documents of 1961. Therefore, it generally is recommended that documents are legalised for use in the U.A.E. by the competent authorities of the country of origin up to the Embassy or Consulate of the U.A.E. in that country, unless there is confirmed knowledge, that no legalisation is required. The final discretion depends on the discretion of the respective Organisation to which the document has to be submitted. Registered Agent will advise its Clients in due course.

### **12. What Rule should I follow, when selecting the name of the JAOC?**

The name of the JAOC is governed by Clause 5 (3) a) and Nos. 12 – 13 JAOC Reg. Some sensitive words may not be acceptable to the JAFZA Registrar, e.g. “Jebel Ali”, “Dubai”, “Emirates”, “U.A.E.”, “Assurance”, “Insurance”, “Consulting”, “Bank”, “Chamber of Commerce”, “Chartered”, “Municipal” or words of similar meaning, as well as any words that suggest patronage of or connection with any prominent persons or institutions or government or authority whether in the Jebel Ali Free Zone, the United Arab Emirates or elsewhere, where such patronage or connection does not exist.

All company names shall end with the word “Limited”.

### **13. What should I know about Incorporator(s), Member(s), Shareholder(s)?**

The relation of these terms is governed by Nos. 8, 18 and Part 4 JAOCReg. The Incorporator(s) are the first Member(s) / Shareholder(s) of the JAOC. (Note: The JAOCReg refer to the shareholder(s) of the JAOC as “Member(s)”, not “Shareholder(s)”) Their data have to be registered in a Member(s) Register of the JAOC, which is to be kept and updated by the Registered Agent. The Registered Agent is requested by the Registrar to keep him advised of any changes in the shareholding and/or the identity of the Member(s) / Shareholder(s). The appointment of nominee Member(s) / Shareholder(s) is not endorsed by JAFZA and may entail the JAOC to be struck off the Register pursuant to Clause 114 (1) b) JAOCReg.

### **14. Who is managing the JAOC?**

The JAOC is managed by Directors, who will be authorized to make decisions (jointly or severally- please check when drafting Articles of Association and confirm with the client which option would preferred). According to Part 9 JAOCReg a JAOC shall have at least two Directors. Corporations (Legal Entities) are not permitted as Directors. The data of the Director(s) have to be registered in the Register of the Director(s) of the JAOC and kept up-to-date by the Registered Agent. The Registered Agent is requested by the Registrar to keep him/her advised of any changes in the number and identity of the Directors.

### **15. Does the JAOC require a Secretary?**

The requirement of a Secretary, i. e. a person to whom the Directors may transfer the execution of the JAOC's business or a part thereof, is governed by Part 9 JAOCReg, in particular by Clause 43 JAOCReg. A Director

may be appointed as Secretary. Corporations (Legal Entities) are not permitted as Secretaries. The Secretary has to be registered in the "Register of the Secretaries of the JAOC", which is to be kept and updated by the Registered Agent. The Registered Agent is requested by the Registrar to keep him/her advised of any changes in the identity of the Secretary.

**16. May I leave the signing of the formalities to Third Parties by giving them a Power of Attorney?**

The Application for Registration and the Articles of Association of the JAOC are to be signed by each Shareholder/Member in front of the Registrar. In case of corporate Shareholder/Member, an individual has to be appointed and duly authorized to represent such corporate Shareholder/Member in the incorporation procedure and to sign on his behalf. Likewise, if an individual Shareholder/Member does not wish or is unable to come to Dubai for signing, he/she may authorize a representative to sign on his/her behalf.

In the aforementioned cases Shareholder/Member may give the Registered Agent a duly notarized and legalized (if issued abroad) power of attorney. The registered agent will provide Shareholder/Member with a draft of a bilingual English / Arabic power of attorney after receiving the required details from the Shareholder/Member.

**17. Does the JAOC require or may it have a set-up in JAFZ or U.A.E.?**

A JAOC is not required to maintain an office in the Jebel Ali Free Zone. Notwithstanding, the JAOC may have such office. It also may apply for a branch in Dubai. However unless all Member(s) of the JAOC are Emiratis, the branch will be treated as a branch of a foreign company.

**18. Does the JAOC require a Registered Office?**

Yes, each JAOC shall at all times have a Registered Office, which has to be the office maintained by the Company in the Jebel Ali Free Zone (if such office exists) or the office maintained by its Registered Agent, see for details Clause 30 JAOCReg.

**19. May I forward legalized documents for the formation of the JAOC by courier to R&M?**

Yes, but please note: Deliveries by courier cannot be made to P.O. boxes. Street names and house numbers exist in the U.A.E., but generally are not used for delivery services. To delivery documents by courier efficiently, a contract person and a telephone number needs to be indicated with the order.

**20. Which documents are required for opening a bank account in any of Dubai Banks (when the Incorporate is the individual)?**

1. Articles of Association of Jebel Ali Offshore;
2. Incorporation Certificate;
3. List of Directors of JAOC issued by JAFZA and addressed to the bank (original);
4. Passport copy of the Shareholder/Member;
5. Passport copy of the Director and Secretary;
6. Bank reference for each Director from their current bank (copy) and bank statement (requested by some banks);
7. Notarized power of attorney to Registered Agent to open, (operate) and close on behalf of the JAOC any account or accounts with any licensed bank in the UAE (copy).  
Information and original signature sample are required for bank forms.  
Bank representative might want to verify the originals.

**21. Which documents are required for opening a bank account in any of Dubai Banks (when the Incorporate is the legal entity)?**

1. Articles of Association of Jebel Ali Offshore Company (JAOC);
2. Incorporation Certificate;
3. List of Directors of JAOC issued by JAFZA and addressed to the bank (original);
4. Registration Certificate of the Shareholder/Member (fully legalized copy);
5. Articles of Association of the Shareholder/Member (fully legalized, copy);

6. Board Resolution of the Shareholder/Member giving Power of Attorney to Representative) (fully legalized, copy);
7. Passport of the Incorporators representative (copy);
8. Passport of the Director and Secretary (copy);
9. Information and document of beneficiaries.

Information and original signature sample are required for bank forms

Bank representative might want to verify the originals.

**22. What is the minimum age for the Director?**

Minimum age is 21 years.

**23. Which document is accepted as Proof of Residence, when the Shareholder/Member is U.A.E. Resident?**

UAE Residence visa, ID Card (Italian citizens), utilities bill (most recent)

**24. Are there any other documents required for foreign Shareholder/Member with UAE residence visa?**

If the Shareholder/Member is working in some other company and has residence visa from this company, JAFZA will request for a Letter of Non-objection from his/her current sponsor.

**25. How can the Shareholder/Member prove the ownership of the JAOC?**

JAFZA will issue a List of Shareholders or Certificate of Incumbency, which also contains information regarding authorized share capital and names of Directors and Secretary OR Registered Agent will issue Share Certificate and JAFZA will attest it).

**26. Can JAOC own the property anywhere in U.A.E.?**

As per Regulations, JAOC can only own property in Dubai World, Dubai Holdings, Emaar Properties (as a status of 28.10.2010);

Please look for updates by RERA.

**27. How is the renewal of the JAOC to be done?**

The annual renewal of the offshore company has to be done each year on the date of registration (one month grace period may be given by JAFZA). Registered Agent is following up with you one month before due date and issuing the invoice for annual renewal. Upon payment Registered Agent will prepare the renewal documents and submit them to JAFZA together with the payment.

**28. Can Jebel Ali Offshore company act as a holding company?**

Yes.

There might be some additional documents required depending on requirement of respective authority.

As an experience:

For setting up a UAE-LLC, where JAOC is one shareholder, Letter of Non-Objection is required

For setting up a company in foreign country, List of Directors may be required to identify the directors, who by JAOC Articles of Association are authorized to act on behalf of the JAOC (should be addressed to certain authority or to shareholder of JAOC (if multiple use required).