



OPINION

## HOW THE UAE'S CAPITAL OF CAPITAL IS CEMENTING ITS POSITION ATOP THE WEALTH MANAGEMENT FIELD FOR INTERNATIONAL FAMILIES

The playing field for ultra-high net worth (“UHNW”) individuals and their families is ever changing. Geopolitics, economic pressures, standardisation of business ethics and standards and the global pandemic have all contributed to seismic shift in how and where UHNW individuals chose to manage and grow their wealth. The UAE's concerted efforts to combat money laundering and terrorism financing have laid a solid foundation of trust and confidence in the ever more robust UAE business environment. Primus inter pares, the UAE has become the place to be, with the Abu Dhabi Global Market (“ADGM”), the Capital of Capital, at its core.

Over the past year<sup>1</sup>, an estimated 4,000 millionaires have flocked the Gulf country. The number of UHNW UAE residents - those with a net worth of over USD30 million - is predicted to increase by 50% over the next 10 years<sup>2</sup>. This may be a conservative prediction with recent strides by the UAE government to protect and uphold the integrity of the financial system by building an effective anti-money laundering and countering the financing of terrorism (AML/CFT) system. The Financial Action Task Force (FATF) regional body recently upgraded the ratings for the UAE, recognising progress in compliance with the [FATF Forty Recommendations](#). Commitment to international standards has contributed to international confidence in the financial stability, reputational integrity and soundness of the UAE's financial system and business environment. A key consideration for any UHNW individual and their family looking for greener pastures.

**‘CLEAR AND EFFECTIVE POLICYMAKING IS THE KEY FACTOR INFLUENCING WHERE WEALTH IS MANAGED AND GROWN’**

Foreign direct investment is on the rise too. The UAE is the leading emerging market across the MENA region, ranking third globally after China and India<sup>3</sup>. In 2022, as most global economies floundered with weak growth, the UAE's GDP grew 7.9 percent. Growth is expected to continue strongly through 2023 and 2024, at 3.2 percent and 4.8 percent respectively<sup>4</sup>.

The UAE's bullish outlook is in stark contrast to traditional wealth centres, suffering a continued exodus of UHNW individuals. High inflation and economic uncertainty play a role; but clear and effective policymaking is arguably the key factor influencing where wealth is managed and grown. The UAE is clear on its ambition to attract UHNW individuals and high-growth entrepreneurs. The result: the Gulf country has become a global gateway and leading private wealth management hub for UHNW individuals. And the ADGM is where it's happening.

**‘THE UAE HAS BECOME THE LEADING PRIVATE WEALTH MANAGEMENT HUB FOR UHNW INDIVIDUALS AND THEIR FAMILIES, FROM WHICH TO OPERATE GLOBALLY’**

1. <https://www.hentleyglobal.com/newsroom/press-releases/hentley-global-citizens-report-june-2022-millionaires-on-the-move>

2. <https://www.hentleyglobal.com/publications/centi-millionaire-report-2022>

3. The 2023 Kearney Foreign Direct Investment Confidence Index®: Cautious optimism - Kearney

4. UAE ranks first in Middle East for foreign direct investment confidence: Report - Arabian Business



An award-winning tier-1 international financial centre housed in the Emirate of Abu Dhabi, the ADGM is an independent legal jurisdiction within the UAE, agnostic to nationality or religion; it directly applies English common law within its own dedicated court system.

**‘THE ADGM UNDERSTANDS THE NEEDS OF UHNW INDIVIDUALS WHO DEMAND BESPOKE BUSINESS AND FINANCIAL SERVICES AND SOLUTIONS’**

But the ADGM stands out with its progressive, efficient regulatory framework wholly supportive of cross-border business: its authority understands the needs of UHNW individuals who demand bespoke business and financial services and solutions. Located in the UAE’s capital, it has the unwavering support from local government driven to ‘bring the world’s best to Abu Dhabi’. The enthusiasm for growth and opportunity is palpable. It is no surprise that the ADGM has become the fastest growing international financial centre in the region, enhancing Abu Dhabi’s international standing as the ‘capital of capitals’.

You could not find a better example of the ADGM’s edge than with the recent expansion of the ADGM’s jurisdiction. With effect from 24 April 2023, the ADGM’s jurisdiction now includes Al Reem Island to cover a total area of 1,438 hectares and has become one of the largest financial districts in the world. It is a superb example of the ADGMs proactive leadership responding to increased demand from both international and regional businesses and UHNW individuals queuing to access the pioneering regulatory and establish a footprint in Abu Dhabi. The expansion reinforces the ADGM as a world-leading financial centre – growing at a

time when many other financial centres are treading water, or worse, shrinking!

While economic and social volatility swirl, UHNW individuals want robust, professional, and flexible wealth solutions. The ADGM has all the required tools – family holdings, single family offices, special purpose vehicle (“**SPV**”) regimes; foundations; trusts; as well as one of the centre’s USP: its restricted scope company regime enabling families to limit data available in the public domain, and therefore control privacy – allowing UHNW individuals to consolidate local and international interests under agile, organised, secure central legacy planning and asset protection structures, and acting as the command centre for global wealth management.

The tools are world-class but ADGM’s true edge comes from its active promotion of the human connection – local to international, peer to peer, business to business – enhancing resilience and promoting investment diversification in a fragile social and global economic climate. While legacy centres struggle under stifling political and economic pressure, the ADGM stands tall as a vibrant, dynamic and sophisticated centre, developing cross-industry peer to peer networking, generating co-investment opportunities. In Fintech, ADGM Reglab and ADGM Digital Lab are clear examples – bringing together innovators with investors and service providers.

**‘FOR THE FIRST TIME, INCOMING SINGLE FAMILY OFFICES OR PROPRIETARY INVESTMENT ENTITIES CAN DIRECTLY INTERACT WITH THEIR MIDDLE EASTERN PEERS, IN A NEW PHASE OF INTER-GENERATIONAL STRUCTURAL OPTIMIZATION’**



This ecosystem is further boosted by the Emirates Family Office Association (EFOA). Actively supported by the ADGM, the EFOA is an association formed by and for UHNW individuals and their families. Through this unique local initiative, incoming single-family offices or proprietary investment entities can, for the first time, directly interact with their Middle Eastern peers, in a new phase of inter-generational structural optimization.

The UAE has all the key fundamentals – security, political stability, high GDP, a responsive and progressive government focused on ensuring the continued growth and investment in the UAE and committed to compliance with global AML/CFT standards. Recent reforms to long-term residency schemes and business ownership requirements mean that international UHNW individuals now have unobstructed pathways to access the UAE and a government that actively supports their migration and growth. Combined with fiscally advantageous policies, world class connectivity, and the latest technology, the ADGM makes for a comfortable landing.

The climate is right, and the ADGM is strategically and geographically poised to embrace, engage and encourage UHNW individuals and their families. Day by day, the UAE and the ADGM grows as the perfect ecosystem for private wealth management. Traditional wealth centres have lost their shine – while the ADGM has arrived. **Now is the time for international UHNW individuals to recognise what some of their peers have already discovered – to relocate, to restructure, and to reap the rewards.**



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#### **WHO WE ARE**

A multi-services platform catering to successful individuals and international families. Our one- stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market- leading corporate services firm, a private client specialist team and a regulatory & compliance services practice, all through one single platform.

We have extensive experience advising on a broad range of wealth structuring and legacy planning issues. We particularly assist in establishing and servicing Family- and Group- Holdings, Single- and Multi- Family offices, Foundations and other asset consolidation/protection and intergenerational wealth management structures.

Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients