



ADVISORY  
Industry Information

## ADGM introduces Regulatory Framework requiring use of CSPs by SPVs

26 April 2021

The Abu Dhabi Global Market (“ADGM”) has introduced a regulatory framework governing the appointment of Company Service Providers (“CSPs”) by special purpose vehicles (“SPVs”) and foundations.

Unless qualifying for exemption, SPVs and foundations in the ADGM are now required to appoint a CSP which is licensed to operate in the ADGM under the new CSP regulations. Failure to comply with the new requirements by the below mentioned deadlines may result in fines.

An SPV will be exempt from the requirement to appoint a licensed CSP if it is a subsidiary undertaking of any of the following:

- > a person exempt from the requirement to obtain a license in order to practice a controlled activity in or from the ADGM;
- > a person authorized to undertake a regulated activity in the ADGM;
- > a person licensed or regulated by the UAE Central Bank;
- > a company whose shares are admitted to trading on a regulated market in the UAE (including the ADGM); or
- > a company that has demonstrated to the satisfaction of the ADGM Registrar an adequate presence in the UAE, having regard to (amongst other things) the company’s assets, turnover and employees in the UAE, as well as its governance, policies and procedures.

Similarly, a foundation will be exempt from the requirement to appoint a CSP if it demonstrates, and is approved by the ADGM Registrar, substantial resources, experience and personnel in the UAE, along with adequate governance, policies and procedures.

Deadlines for compliance:

- >> If incorporated or registered prior to or on 17 March 2021, must appoint a licensed CSP by the earlier of (i) its next commercial license renewal date or (ii) 11 April 2022.
- >> If incorporated or registered after 17 March 2021, but before 12 April 2021, must appoint a licensed CSP before its first commercial license renewal date.
- >> If incorporated or registered after 12 April 2021, must appoint a licensed CSP from the date of incorporation or registration (as applicable).

An SPV must give notice to the ADGM Registrar within 14 days of the appointment or removal of a CSP. In the event an SPV gives notice to the ADGM Registrar of a person ceasing to be a CSP, such notice must either include details of the SPV’s new CSP or a statement that such company is now exempt from the new requirement.

Walkers Professional Services is a licensed CSP in the ADGM, and satisfies all of the requirements outlined by the ADGM for CSPs. If you would like further information on whether this amendment impacts your or your clients’ SPVs, please feel free to reach out to us to discuss and ensure compliance within the specified deadlines.



## Contacts

For further information, please speak with your usual Walkers' contact or any of the following persons:



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