

CONSULTATION PAPER
NO. 4 OF 2025

PROPOSED CONSUMER PROTECTION REGIME

13 May 2025

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Introduction

Why are we issuing this paper?

The Abu Dhabi Global Market (“**ADGM**”) Registration Authority (“**RA**”) has issued this Consultation Paper to invite public feedback and comments on the proposed Consumer Protection Regulations 2025 (“**Consumer Protection Regulations**” or “**Regulations**”), which will introduce a framework governing the offering of retail products and services to consumers within ADGM.

The proposed Consumer Protection Regulations are set out in Appendix 1 to this Consultation Paper.

This Consultation Paper summarises the key proposals within the Regulations. The summaries should be read as an introduction to the provisions only—the precise details and specifics are contained in the draft Regulations.

Who should read this paper?

The proposals in this Consultation Paper would be of interest to all entities engaging in ‘Category C’ retail activities in ADGM, either through an ADGM commercial licence or temporary permit, or those seeking to be ADGM licensed entities, and offering any non-financial products or services to consumers.

How to provide comments

All comments should be in writing and sent to the email specified below. Please include the Consultation Paper number in the subject line (No. 4 of 2025). If relevant, please identify the organisation you represent when providing your comments.

The RA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making any comments. Comments supported by reasoning and evidence will be given more weight.

What happens next?

The deadline for providing comments on this proposal is **8 June 2025**.

Following receipt and review of any comments, consideration will be had for whether any modifications to the proposals are required, and the ADGM Board of Directors ("**Board**") and the RA will then proceed to enact the proposals in their final form.

You should not act on these proposals until such time as the final Regulations, and any guidance thereon, is issued by the Board and the RA.

A notice will be issued on the ADGM website upon issuance of the final Regulations.

Comments to be addressed to:

Consultation Paper No. 4 of 2025

Email: ra.consultation@adgm.com

Scope and Approach to the Proposed Amendments

1. Retail consumer protection laws are essential to safeguard consumer welfare and to regulate business activity. A consumer protection framework also reinforces consumer confidence and enhances a reliable retail market economy. Given ADGM's recent expansion to Al Reem Island and the considerable number of 'Category C' (retail) licence holders in ADGM, the RA considers it necessary to introduce a robust retail consumer protection framework in ADGM. The RA is therefore seeking to introduce the Regulations in view of such need.
2. This Consultation Paper aims to explain the proposed Consumer Protection Regulations.
3. A draft of the proposed Consumer Protection Regulations can be found in Appendix 1.

Proposed Amendments

Executive Summary

1. The proposed Regulations include:
 - a. A clear scope offering protection to retail consumers purchasing products or services from an ADGM license or permit holder engaged in 'Category C' retail activities.
 - b. Certain obligations on a provider (defined below), such as, but not limited to:
 - i. Product labelling;
 - ii. Instructions on the use and installation of products;
 - iii. Seeking approvals from the Registrar before announcing any promotions or sales;
 - iv. Disclosing the condition of a used or refurbished product at the point of sale;
 - v. Refraining from using misleading advertisement for a product or service;
 - vi. Prohibition on using terms in any contract or invoice issued to the consumer that would cause a consumer harm;
 - vii. Maintaining a written procedure for offering warranties and providing written warranties; and
 - viii. Procedures surrounding defective products or services.
 - c. Establishing a consumer complaints handling channel.
 - d. Granting the Registrar the power to:
 - i. receive and assess complaints and issue notices of determination in response to consumer complaints, and
 - ii. monitor and enforce non-compliance by providers to protect the rights of consumers.

Proposed Features of the Regulations

1. Considering that many retail businesses within ADGM form part of bigger groups with retail outlets across the UAE, the RA has prioritised ensuring alignment with the rights and

obligations provided for under the UAE's federal consumer protection regime wherever possible.

2. The purpose and objective of the proposed Regulations is to protect the rights of (non-financial) retail consumers. The proposed Regulations, therefore, define a 'provider' of the products and services as any natural or legal person holding:

"(a) a commercial licence issued by the Abu Dhabi Global Market to engage in 'Category C' retail activities; or

(b) a temporary commercial permit to engage in retail activities,

and acting for purposes related to their business or profession, whether acting directly with the Consumer, or through another person acting in the Provider's name or on the Provider's behalf, to sell a product or service to the Consumer."

Q1: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON THE PROPOSED SCOPE OF THE REGULATIONS AND THE DEFINITION OF A 'PROVIDER' WHICH AIM TO CAPTURE ENTITIES ENGAGED IN 'CATEGORY C' RETAIL ACTIVITIES?

General Obligations on Providers

3. The Regulations propose various general obligations on a provider, such as:

- (a) Communicating with consumers in English, with Arabic or other languages being permissible in addition to English;
- (b) Labelling a product's cover or packaging with essential information required by applicable laws, regulations, technical standards, and approved specifications, such as country of origin, shelf life, storage, any risk etc.;
- (c) Providing the consumer instructions on the use and installation of products;
- (d) Displaying the prices of any products or services clearly and legibly in a way that is not misleading. The provider must also clearly display its exchange and return policy at the point of sale;
- (e) Not announcing any sale or promotion on any products or services before obtaining the necessary approvals from the Registrar; and
- (f) Prohibiting false or misleading information in connection with the product or service advertisement.

4. Providers are prohibited from contracting out certain obligations and liabilities in a contract or invoice issued to the consumer. Any such attempt to do so will be deemed void. Examples of such prohibited practices include, but are not limited to, the following:

- (a) charging a price higher than the price announced through any medium;

- (b) conditioning the purchase of a product on the purchase of another product or service under conditions that are inherently unrelated to the original transaction;
 - (c) granting the provider the right to unilaterally terminate an indefinite contract;
 - (d) requiring the consumer to waive any rights stipulated in these Regulations or other applicable legislation;
 - (e) including a "no returns or exchanges" clause, except in certain cases; or
 - (f) not refunding the consumer for the price of products or services, if a refund is applicable.
5. With regards to paragraph (e) in the section above, the Regulations propose that the cases where a 'no returns or exchange' clause may be acceptable to be included in the contractual terms include the following:
- (a) If the Consumer was aware of the defect in the products at the time of purchase and accepted it, as evidenced in the sales contract or issued invoice.
 - (b) If the product's nature, characteristics, or packaging precludes returns or exchanges, such as being damaged or such that it cannot be re-sold, unless the return is due to manufacturing defects or non-compliance with specifications agreed between the Provider and Consumer.
 - (c) Perishable products, unless spoilage or expiration is proven at the time of purchase.
 - (d) If the product was custom-made, unless the product is defective or does not comply with the specifications agreed between the Provider and Consumer.
 - (e) If the product involves books, newspapers, or magazines.

Q2: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON THE PROPOSED GENERAL OBLIGATIONS ON PROVIDERS AND THE PROHIBITIONS ON CERTAIN CONTRACTUAL TERMS AND PRACTICES, INCLUDING THE EXCEPTIONS TO THE 'NO RETURNS OR EXCHANGE' PROHIBITION?

Warranty, Maintenance and Spare Parts

- 6. For products and services under warranty, the provider shall establish a written procedure for offering warranties and providing maintenance and spare parts, which shall be presented to the consumer in a comprehensible format. In addition, the consumer shall be provided with a warranty document, which can be provided either separately or as part of the invoice, and must include, for example, the duration of the warranty and any exclusions.
- 7. The provider shall be required to honour all warranties and be committed to any maintenance, repairs and after-sale service during the warranty period specified in the warranty document.
- 8. Depending on the nature of the product under warranty, if the time for completing any required maintenance or repair exceeds 7 calendar days, the provider shall provide a comparable replacement product to be used during the period of maintenance, or may agree with the consumer on another suitable mechanism for compensating the consumer for the time the product cannot be utilised.

9. The provider shall provide the necessary spare parts for the operation and repair of products under warranty. Spare parts that are regularly and continuously requested by consumers must be provided within a maximum of 7 calendar days, whereas spare parts that are not typically requested must be provided within a reasonable period. If the provider cannot reasonably obtain the spare parts or if the manufacturer has ceased production, the provider shall offer alternative spare parts or provide other solutions acceptable to the consumer.

Q3: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON THE PROPOSED PROVISIONS ON WARRANTIES, MAINTENANCE AND SPARE PARTS?

Q4: WOULD YOU SUPPORT A DECISION TO INCLUDE A SECTION CLARIFYING THAT A WARRANTY IS REQUIRED FOR ALL PRODUCTS AND SERVICES, EXCEPT FOR CERTAIN TYPES OF PRODUCTS AND SERVICES, SUCH AS PERISHABLES AND PRODUCTS/SERVICES WHERE THE NATURE, CHARACTERISTICS, OR PACKAGING PRECLUDES REPAIRS, RETURNS OR EXCHANGES?

Provider's Obligations in connection with Defects

10. The proposed Regulations exclude liability for defects caused by the consumer and normal wear and tear.
11. Subject to the Regulations, if a defect is discovered, the consumer has the right to choose between returning the product with a refund of its original purchase price, replacing the product, or having it repaired without charge.
12. For defective products that do not have warranty coverage, or have a warranty period for spare parts that conflicts with the full warranty period of the product, the provider is obligated to accept the return of the product and must refund the purchase price, if the defect is discovered within 30 calendar days from the date the defect appears, whether visible or latent.
13. The Regulations propose various obligations on the provider in connection with defective products, including but not limited to:
- (a) Provisions around the timing and requirements for repairs;
 - (b) An obligation, in certain circumstances, to provide a replacement product during the duration of repair; and
 - (c) Obligations in connection with recurring defects.
14. If a defect is discovered in a service, the consumer has the right to request that the service be reformed as original agreed, without any additional cost or expense. If the provider fails or refuses to reperform the service, the consumer has the right to receive full refund of the original price.
15. If the service involves repairing, maintaining or operating a product, and it results in a decrease in the value of the product, loss of functionality or damage to it, the provider shall

cover the costs of repairing the product or compensate the consumer for its value or the value of the damaged part.

Q5: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON THE PROPOSED PROVISIONS CONCERNING THE PROVIDER'S OBLIGATIONS IN CONNECTION WITH DEFECTIVE PRODUCTS AND SERVICES?

Complaints and Administrative Procedures

16. The proposed Regulations provides the Registrar with the power to receive and assess consumer complaints and to issue a notice of determination, which shall include a summary of the finding of the assessment, the determination of whether the provider has contravened any provisions of the Regulations, and any action or omission that the provider must take to remedy the contravention.
17. Further, where the Provider fails to comply with their obligations under these Regulations, the Consumer may apply directly to the Court for a declaration to that effect and the Court may, at its discretion, order the Provider to remedy the failure by complying with the relevant obligation and/or, make an award of compensation to the Consumer of such amount as the Court considers just and equitable in all the circumstances, having regard to –
- (a) the Provider's conduct in failing to comply with its obligations; and
 - (b) any loss suffered by the Consumer as a result of the Provider's failure to comply with its obligations.
18. The Regulations propose that the Registrar shall have the power to:
- (a) have sample products inspected at laboratories to verify their ingredients, suitability or safety;
 - (b) apply to the ADGM Court for a court order for the temporary seizure of products if there is sufficient evidence of a contravention of the Regulations that may jeopardize the health and safety of consumers; and
 - (c) to impose financial penalties on the provider for contraventions of any provisions of the Regulations.
19. Upon discovering a defect in a product that affects its intended use or the consumer's health or safety, the provider shall inform the Registrar accordingly and withdraw the product from the market in accordance with the procedures proposed in the Regulations. In addition, the Registrar has the power to issue a direction requiring a recall upon receiving notification from a competent authority about a product that is causing, or represents a risk of causing, harm to the consumer.
20. Finally, it is proposed that the Registrar shall have the power and authority to cooperate with and to delegate to a relevant competent authority any of its functions and powers under the Regulations.

Q6: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON THE PROPOSED PROVISIONS AROUND CONSUMER COMPLAINTS AND THE ADMINISTRATIVE PROCEDURES?

Q7: DO YOU HAVE ANY OTHER COMMENTS OR CONCERNS ON THE PROPOSED REGULATIONS?

*Proposed Enactment***Regulations****Appendix 1****Proposed Consumer Protection Regulations 2025**