

*CONSULTATION PAPER*  
*NO. 5 OF 2025*

**PROPOSED AMENDMENTS TO THE REGIMES  
CONCERNING**

- (I) LEGAL SERVICE PROVIDERS,**
- (II) COMPANY SERVICE PROVIDERS, AND**
- (III) TAX SERVICE PROVIDERS**

**16 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 proposed amendments to the Commercial Licensing Regulations (Conditions of Licence and Branch Registrations) Rules 2025 (the “**Conditions of Licence Rules**”) to introduce certain conditions on legal service providers, tax service providers and company service providers. In addition, we are seeking feedback and comments on proposed amendments to the Commercial Licensing Regulations (Controlled Activities) Rules 2024 (the “**Controlled Activities Rules**”) to introduce a new controlled activity in relation to the provision of tax services.

The proposed amendments to the Conditions of Licence Rules and Controlled Activities Rules are set out in Appendix 1 and Appendix 2, respectively, to this Consultation Paper.

This Consultation Paper summarises the key proposed amendments to the Conditions of Licence Rules and the Controlled Activities Rules. The summaries provided within should be read as an introduction to the provisions only – the precise details and specifics are contained in the draft Conditions of Licence Rules and Controlled Activities Rules themselves.

### Who should read this paper?

The proposals in this Consultation Paper would be of interest to:

- all ADGM licensed legal service providers or those seeking to become ADGM licensed legal service providers;
- all ADGM licensed auditors or those seeking to become ADGM licensed auditors;
- all ADGM licensed tax consultants or those seeking to become ADGM licensed tax service providers; and
- all ADGM licensed company service providers or those seeking to become ADGM licensed company service providers.

### 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. 5 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 **15 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 Conditions of Licence Rules, the final Controlled Activities Rules, and any guidance thereon, are issued by the Board and the RA.

A notice will be issued on the ADGM website upon issuance of the final Conditions of Licence Rules and the final Controlled Activities Rules.

**Comments to be addressed to:**

Consultation Paper No. 5 of 2025

Email: [ra.consultation@adgm.com](mailto:ra.consultation@adgm.com)

## *Scope and Approach to the Proposed Amendments*

1. This Consultation Paper aims to explain the proposed amendments to the:
  - a. Conditions of Licence Rules, and
  - b. Controlled Activities Rules.
2. The proposed amendments include:
  - a. A requirement that an applicant seeking to obtain a licence for the provision of legal services, by way of establishing a subsidiary or branch office in ADGM, is:
    - i. a body corporate or partnership;
    - ii. that has been operating in at least one other jurisdiction for a minimum period of time; and
    - iii. has a minimum number of suitably qualified persons.
  - b. Requiring licensed legal service providers to:
    - i. obtain and maintain professional indemnity insurance;
    - ii. comply with the Commercial Licensing Regulations (Client Money) Rules 2021 ("**Client Money Rules**");
    - iii. ensure adequate staffing resources, who are suitably qualified;
    - iv. submit an annual return form to the RA;
    - v. comply with certain principles; and
    - vi. comply with a restriction on combining a legal services licence with certain other controlled activities.
  - c. Restricting licensed company service provider ("**CSP**") activities from being combined with the controlled activities of legal services and audit services.
  - d. Introducing a new controlled activity for tax services.
  - e. Introducing certain thresholds in relation to the skills and experience required of the senior management of a tax service provider.

- f. Requiring licensed tax service providers to:
  - i. obtain and maintain professional indemnity insurance;
  - ii. comply with the Client Money Rules; and
  - iii. comply with certain principles.
- 3. A draft of the amended Conditions of Licence Rules and Controlled Activities Rules can be found in Appendix 1 and Appendix 2, respectively.

## *Proposed Amendments*

### **Current Position**

#### Legal Service Providers

1. Legal service providers have an important role in upholding the rule of law, ensuring efficient business practices, upholding confidentiality, and otherwise maintaining ethical conduct within the ADGM ecosystem. Legal service providers are, therefore, ordinarily regulated to ensure these high standards are maintained. The conditions currently in place on legal service providers within ADGM are limited to criteria concerning the applicant and do not contain any continuing requirements, with limited regard to resources and the manner in which legal service providers conduct their business. Enhancing the minimum requirements needed to apply for a legal services licence and including continuing obligations is therefore considered necessary.

#### Company Service Providers

2. In recognition of the highly specialised services that CSPs offer and the need to safeguard the interests of clients of a CSP, the RA introduced Schedule 1 to the Conditions of Licence Rules, which impose specific conditions on CSPs. These consist of the following 10 conditions of licence:
  - 1) Fit and proper persons;
  - 2) Policies, procedures and controls;
  - 3) Appropriate insurance coverage;
  - 4) Prudent business operation, resources and staff certification;
  - 5) Staffing in the ADGM;
  - 6) Anti-money laundering officers;
  - 7) Compliance officers;
  - 8) Minimum regulatory capital;
  - 9) Annual CSP return; and
  - 10) Compliance with principles of integrity; due skill, care and diligence; confidentiality; transparency; conflict of interest; and relations with the RA.
3. ADGM has a number of legal service providers and auditors that are also licensed to carry out CSP services. While legal service providers and auditors have mutual and complimenting skills to that of a CSP provider, a number of issues may arise in the provision of CSP services by a legal service provider or auditor to clients of that legal service provider or auditor when considering Schedule 1 to the Conditions of Licence Rules. For example, legal service providers acting in their capacity as nominated directors of a CSP client may appoint

themselves as legal advisors and be responsible for implementing the advice that they have provided to themselves.

4. Furthermore, Condition 10(1)(c) of Schedule 1 of the Conditions of Licence Rules requires CSPs to respect the confidentiality of information acquired through professional relationships. Managing potential overlaps in client information and ensuring that there is no unauthorized sharing or use of confidential information for personal advantage could be complex and pose risks in a dual role scenario, particularly where a legal service provider is providing services to two CSP clients, and the two CSP clients later find themselves in a dispute with each other.
5. In recognition of this and the need to maintain ADGM's status as a world-class financial centre, the RA is proposing to restrict licensed providers of legal services or audit services from also carrying out licensed CSP activities under the same entity.

### Tax Services

6. The UAE has enacted Federal Decree Law No. (47) of 2022 (as amended) (the “**Corporate Tax Law**”). The Corporate Tax Law and other related legislation will dramatically increase the need for businesses and persons in the UAE, including Abu Dhabi and ADGM, to require the services of tax professionals. A ‘tax consultancy’ licence is currently available in ADGM, however, although the activity is provided for in broad terms, the tax regime in ADGM would benefit from adding a ‘tax services’ activity in the Controlled Activities Rules to provide clarity on the permitted activities of a tax service provider and the true breadth of activities available, such as tax agency services with reference to the UAE Federal Tax Authority.
7. Further, professional service firms providing tax services are instrumental to the success of international financial centres as they provide strategic and technical advice to both businesses and individuals to ensure compliance with legal and regulatory requirements. However, there are currently no requirements in place on tax service providers within ADGM to ensure quality and adequate experience. As such, the RA considers it necessary to introduce minimum requirements to apply for a tax services licence as well as introducing continuing obligations.

## **Proposed Amendments**

### Legal Service Providers

8. The proposed amendments limit applicants to existing legal persons, such as companies or partnerships, seeking to establish either a subsidiary or branch office in the ADGM. The applicant (or its group, as the case may be) must have been in existence for at least 5 years and carry out the provision of legal services in at least one other jurisdiction. The managing partner, or an employee of equivalent standing, of the applying entity must have at least 10 years of post-qualification experience. Furthermore, the applying entity must have at least 10 qualified legal professionals across the group, with at least 3 of such qualified legal professionals having a minimum of 8 years of post-qualification experience. The conditions in this paragraph will also apply to each renewal of a license to provide legal services.

9. With respect to continuing obligations, the licensed legal service provider must:
- a) obtain and maintain professional indemnity insurance, in respect of any single claim, of USD 2,000,000;
  - b) comply with the Client Money Rules;
  - c) ensure that each member of staff that provides legal services<sup>1</sup>, except for trainee solicitors and paralegals, holds a recognised legal professional qualification<sup>2</sup> and is a member in good standing of a recognised legal professional body<sup>3</sup>;
  - d) ensure that, during ordinary business hours, at least one qualified legal professional will be generally physically present in the legal service provider's registered office in ADGM (allowing for reasonable temporary absence from the office during ordinary business hours for meetings or other engagements);
  - e) have no less than two full-time qualified legal professionals sponsored by the ADGM office and must occupy a physical, commercial office space or leased premises with a minimum of 8 square metres per sponsored employee;
  - f) submit an annual return form to the RA detailing the number of clients, the services provided, the number of employees (including their locations and qualifications), and any other information specified by the RA to be included in the annual return form;
  - g) comply with principles of integrity, due care and diligence, confidentiality, transparency, cooperation with the RA, and conflicts of interest; and
  - h) not combine a licence for the provision of legal services with any other controlled activity, except for compliance consultancy and tax services.
10. Noting the possibility that applicants which do not meet the above criteria may otherwise evidence an ability to adequately meet the ADGM's expectations for a well-governed and managed legal service provider, the RA is proposing that a discretionary power will be granted to the Registrar to accept applications or renewals that do not strictly meet the proposed criteria. This discretionary power will also be applied to trainee solicitors and paralegals who

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<sup>1</sup> The activity 'legal services' is defined in Rule 4 of the Commercial Licensing Regulations (Controlled Activities) Rules 2024.

<sup>2</sup> A 'recognised professional qualification' can be regarded as a certification awarded by a professional institution which demonstrates a person has met established standards of legal knowledge and competence within that jurisdiction. For example, an English Qualified solicitor who holds a practising certificate issued by the SRA. Determination as to suitability of a recognised professional qualification is at the discretion of the Registrar based on available evidence.

<sup>3</sup> A 'recognised professional body' can be regarded as a well-established organisation known globally for setting high professional and ethical standards, and accrediting qualifications. For instance, this might be a major international institute or association that governs professional practices in a specific field. These thresholds will be applied at the discretion of the Registrar based on available evidence.

do not hold a recognised professional qualification and/or are not members of a recognised professional body but are involved in the provision of legal services.

11. Furthermore, the RA is proposing to exclude dispute professionals desiring to practice in a manner similar to a sole practitioner, including without limitation, barristers, advocates, arbitrators, and mediators from the application requirements listed in paragraph 8 of this Consultation Paper and some of the continuing obligations on licensed legal service providers listed in paragraph 9 of this Consultation Paper.

12. It is proposed that the amendments will come into effect:

- a. *for new applicants* – on the date of publication; and
- b. *for existing ADGM licensed legal service providers* – eighteen (18) months from the date of publication.

Q1: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, ANY OF THE PROPOSED RESTRICTIONS ON NEW APPLICANTS FOR A LICENCE TO PROVIDE LEGAL SERVICES?

Q2: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, ANY OF THE PROPOSED CONTINUING REQUIREMENTS FOR LICENSED LEGAL SERVICE PROVIDERS?

Q3: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED TIMELINE FOR COMPLIANCE?

### Company Service Providers

13. The proposed amendments will make an express restriction on combining a CSP licence with any other controlled activity which, if combined, would make compliance with Schedule 1 of the Conditions of Licence Rules a practical or perceived difficulty. This restriction will explicitly reference the controlled activities of legal services and audit services.<sup>4</sup>

14. Accordingly, to comply with the proposed amendments, a licensed legal service provider or licensed auditor may set up a separate legal entity, which may also be in the form of a subsidiary, with separate staff to manage the CSP business. However, in the interest of balancing costs whilst promoting an environment that enables compliance with the conditions provided in Schedule 1 of the Conditions of Licence Rules, the RA is considering permitting such related licensed CSPs and licensed legal service providers or licensed auditors to share office space and administrative support staff.

15. It is proposed that the amendments will come into effect:

<sup>4</sup> The activity 'audit services' is defined in Rule 6 of the Commercial Licensing Regulations (Controlled Activities) Rules 2024.

- a. *for new applicants* – on the date of publication; and
- b. *for existing ADGM licensed company service providers, licensed legal service providers and licensed auditors* – eighteen (18) months from the date of publication.

Q4: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED RESTRICTIONS ON COMBINING A LICENCE TO PROVIDE COMPANY SERVICES WITH OTHER SPECIFIED CONTROLLED ACTIVITIES?

Q5: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, ALLOWING LICENSED COMPANY SERVICE PROVIDERS AND LICENSED LEGAL SERVICE PROVIDERS OR LICENSED AUDITORS TO SHARE OFFICE SPACE AND ADMINISTRATIVE SUPPORT STAFF? SHOULD SOME SENIOR STAFF ALSO BE SHARED?

Q6: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED TIMELINE FOR COMPLIANCE?

### Tax Services

16. It is proposed that the following controlled activity is inserted into the Controlled Activities Rules:

#### *Tax Services*

(1) *Providing tax services is a controlled activity if it is carried on by way of business.*

(2) *"Providing tax services" means the application of tax principles or judgement with regard to the circumstances of another person, including but not limited to the following –*

- (a) *giving tax advice to such a person in relation to tax matters in jurisdictions outside the United Arab Emirates, such as tax planning, compliance, structuring, and risk management to help such a person optimize their tax position and meet international tax obligations, or*
- (b) *representing such a person in matters related to United Arab Emirates tax laws, such as tax compliance, filings, advisory services, and communications with local tax authorities.*

17. The proposed amendments to the Conditions of Licence Rules will introduce a threshold for qualifications and experience required of the senior management of a tax service provider. A majority of the senior management will need to hold professional qualifications from recognised professional bodies and have at least 3 years of relevant post-qualification experience.

18. With respect to continuing obligations, the licensed tax service provider must:

- a) obtain and maintain professional indemnity insurance, in respect of any single claim, of USD 2,000,000;
- b) comply with the Client Money Rules; and
- c) comply with principles of integrity, due care and diligence, confidentiality, transparency, cooperation with the RA, and conflicts of interest.

19. It is proposed that the amendments will come into effect:

- a. *for new applicants* – on the date of publication; and
- b. *for existing ADGM licensed tax consultancies* – eighteen (18) months from the date of publication.

Q7: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED QUALIFICATION AND EXPERIENCE THRESHOLDS FOR SENIOR MANAGEMENT OF A TAX SERVICE PROVIDER?

Q8: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, ANY OF THE PROPOSED CONTINUING REQUIREMENTS FOR LICENSED TAX SERVICE PROVIDERS?

Q9: DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED TIMELINE FOR COMPLIANCE?

20. In addition to the above, the proposed amendments amend certain references to the 'applicant' in Schedule 1 of the Conditions of Licence Rules by replacing such references with the 'licensed' entity where appropriate. These proposed amendments aim to clarify the conditions that are placed on either the applicant, the licensed entity, or both.

Q10: DO YOU HAVE ANY BROADER FEEDBACK ON THE PROPOSED AMENDMENTS THAT IS NOT COVERED BY THE QUESTIONS SET OUT ABOVE?

## *Proposed Amendments and Enactments*

### **Regulations**

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|-------------------|---|
| <b>Appendix 1</b> | Proposed Commercial Licensing Regulations (Conditions of Licence and Branch Registrations) Rules 2025 (editorial blackline) |
| <b>Appendix 2</b> | Proposed Commercial Licensing Regulations (Controlled Activities) Rules 2025 (editorial blackline)                          |