



ABU DHABI GLOBAL MARKET  
سوق أبوظبي العالمي

*CONSULTATION PAPER*  
*NO. 4 OF 2023*

**Proposals for Revisions to  
Fees and Recognised Functions**

**6 October 2023**

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## Introduction

### **Why we are issuing this paper**

1. The Financial Services Regulatory Authority ("FSRA") of Abu Dhabi Global Market ("ADGM") has issued this consultation paper to invite public feedback and comments on its proposed amendments, primarily to the Fees Rules ("FEES") and the General Rulebook ("GEN"), also including other Rulebooks and the Financial Services and Markets Regulations ("FSMR"). Capitalised terms contained in this consultation paper have the meanings attributed to them in FSMR or the Glossary Rulebook ("GLO"), as appropriate, unless otherwise defined in this paper.

### **Who should read this paper**

2. This Consultation Paper should be of interest to all Authorised Persons and Recognised Bodies ("Authorised Firms"), applicants to become so, and their advisors.

### **How to provide comments**

3. All comments should be made in writing and sent to the mailing address or email address specified below. If sending your comments by email, please state the Consultation Paper number in the subject line and, if relevant, identify the organisation you represent in providing your comments. The FSRA 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 by the FSRA.

### **What happens next**

4. The deadline for providing comments on these proposals is 6 November 2023. When we receive your comments, we will consider whether any modifications are required to the amendments proposed in this consultation paper. The Board of ADGM and the FSRA will then proceed to enact the proposed amendments. You should not act on these proposals until the relevant amendments to FEES or other Rulebooks are implemented. We will issue a notice on our website upon implementation.

### **Comments to be addressed to:**

Consultation Paper No. 4 of 2023  
Financial Services Regulatory Authority  
Abu Dhabi Global Market  
ADGM Square  
Al Maryah Island  
PO Box 111999  
Abu Dhabi, UAE

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## Background

1. The FSRA, the regulator of financial services in ADGM, has promoted economic and financial sector growth through innovative and responsive regulatory and supervisory frameworks, and continues to do so, thereby contributing to the success of ADGM. The FSRA's approach to regulation and supervision, combined with robust enforcement activities, maintain ADGM's integrity as a world-class international financial centre (“**IFC**”) for the benefit of those operating in and from ADGM.
2. With a few exceptions, FSRA fees have remained at the levels set in 2015 when ADGM was established. This has seen them decrease in real terms over the intervening period. Further, benchmarking against other IFCs shows that the FSRA's current fees are significantly below those of its peers. Whilst the FSRA receives support from the government to fund its operations, and that support remains strong, it is important that the FSRA also recovers a reasonable proportion of its costs directly from Authorised Firms and applicants, reflecting the regulatory work that it does in relation to them and bringing it into line with funding models utilised in many other IFCs worldwide.
3. The FSRA is of the view that it is now an appropriate opportunity to revise its fees in order to more appropriately reflect the work and costs involved in meeting its statutory objectives. Those objectives include, amongst other things:
  - promoting and enhancing the integrity of the financial system in ADGM;
  - promoting the safety and soundness of Authorised Firms; and
  - securing an appropriate degree of protection for users and prospective users of ADGM.

Meeting these and the other objectives requires an appropriate number of dedicated, skilled and experienced FSRA staff to serve the rapidly expanding regulated community and its stakeholders.

4. The FSRA is also proposing to take this opportunity to consolidate the categories of Approved Persons (“**APs**”) and Recognised Persons (“**RPs**”) into the former. This distinction was introduced when ADGM was established and has involved the FSRA undertaking substantively the same background checks of RPs as are undertaken for APs. The proposed consolidation is aligned with best practices whereby appointments to critical roles within an Authorised Firm are subject to the regulator's approval.

## Revision of existing fees and introduction of new fees

5. The FSRA is therefore proposing to both:
  - (i) revise existing fees in the areas of authorisation and supervision; and
  - (ii) introduce new fees for certain activities set out in Schedule A.
6. Some fees will remain unchanged from current levels at this moment in time, due to their introduction or increase being made more recently. It should be noted that the following activities are explicitly outside the scope of this review:
  - (i) Virtual asset activities, where the FSRA will separately consider appropriate fees for virtual asset activities as part of developments in this area.

- (ii) Market infrastructure activities, including those for Recognised Investment Exchanges, Recognised Clearing Houses, Remote Bodies and Remote Members.
- (iii) Providing Money Services.

The omission of these activities from this review does not preclude them from being subject to review in the future and, potentially, an increase in associated fees, where appropriate.

#### *Revision of existing fees*

7. The FSRA is proposing to increase fees for most Regulated Activities, covering both application fees and annual supervision fees, alongside that for the late payment of fees. The increased fees would more appropriately reflect the underlying cost of authorising applicants and supervising Authorised Firms, including where an applicant or Authorised Firm seeks to or is undertaking multiple Regulated Activities. In general, the FSRA is proposing to double certain fees from their current low base, although other fees will be increased above, and others below, that level.
8. Similarly, it is proposed that the fee for adding Regulated Activities to a Financial Services Permission be revised. In most cases, the FSRA has charged USD \$5,000 for permissions received in addition to an Authorised Firm's primary permission. Under the proposals in this paper, in most cases the fee will increase to USD \$10,000.
9. The FSRA has determined the levels of the proposed fees by taking into consideration both its cost of resourcing and by benchmarking peer jurisdictions. Following this exercise, the FSRA is of the view that its proposals for revised fees are appropriate and proportionate, both in absolute and relative terms to its peers.

#### *New fees*

10. The FSRA proposes to introduce fees for applications regarding the following matters (see Schedule A):
  - (i) To remove specific restrictions imposed by the FSRA at the time of authorisation.
  - (ii) To add the following permissions to an existing Financial Services Permission:
    - Dealing with Retail Clients.
    - Operating an Islamic Window.
  - (iii) The opening of a non-ADGM based branch.
  - (iv) Filing a replacement Prospectus with the Regulator in relation to a Public Fund.
  - (v) Approval of an Offer document originating from outside ADGM.
  - (vi) Change in control.
  - (vii) A request for a waiver or modification.
11. In general, these activities may require significant additional FSRA resources (termed "resource" hereafter) to process. The proposed new fees will assist in the recovery of an appropriate portion of the additional resource required to process these applications. Given these applications are not regular events and typically are outside the scope of day to day supervisory activities, they are likely to demand additional resource to complete. Accordingly, it would not be appropriate to incorporate them more generally in the annual supervision fee, therefore, the FSRA is proposing to assign fees to these activities on a standalone basis.

12. Furthermore, for (vi) and (vii) it has been observed that the amount of FSRA resource required to process such applications is directly related to the degree of complexity inherent in the application submitted. Consequently, where the required resource is significant, the FSRA may require a supplementary fee at its discretion, above and beyond the flat fee proposed, in accordance with the existing rules.
13. Alongside the introduction of fees for the applications outlined above, the FSRA is also proposing to introduce fees for obtaining one of the designations available under its sustainable finance regulatory framework, as regulatory resources will be required to administer it. The possibility of having a fee for a designation under the FSRA's sustainable finance regulatory framework was previously raised in CP No. 6 of 2022<sup>1</sup> and stated again in the Feedback Statement<sup>2</sup> that accompanied the finalised regulatory framework. Granting designations, including confirming eligibility, is pivotal to advancing ADGM's sustainability agenda as a contributor to the efforts of the UAE in this area. The FSRA believes that the proposed designation fee of USD \$2,000 would not be a material disincentive to establishing an eligible product or service in ADGM and would demonstrate a commitment to meeting the qualifying requirements for such a designation.

#### *Expansion into Al Reem Island*

14. ADGM has recently expanded into Al Reem Island to accommodate its growing ecosystem of Authorised Firms. This will provide access to a greater variety and quantity of high-quality, but lower cost, office space for Authorised Firms already based in ADGM, as well as applicants that are seeking to move here. The increasing population of Authorised Firms will necessitate increases in resource, primarily in terms of staff numbers, which the proposals here are intended to contribute towards.

#### *Timeframe and future reviews*

15. Subject to feedback to this CP, the FSRA is seeking to implement the amendments proposed in this paper in time for the annual invoicing of Authorised Firms for the year 2024. Fees charged for 2023 would not be affected. It is anticipated that, upon implementation, the fees introduced or subject to revision in this paper would remain unchanged for the foreseeable future. However, the FSRA may if appropriate potentially need to revise such fees and others as circumstances warrant. This will typically be duly consulted upon as is the case here.

#### *Reorganisation of FEES Rulebook*

16. The proposals in this consultation paper are accompanied by a comprehensive reorganisation of the FEES Rulebook, see Annex B for a mapping of Rules from the current Rulebook to the proposed one. Whilst the content, barring the revised fees, remains largely the same, the FSRA believes that this reorganisation is timely and merited, as we believe it will improve the Rulebook's clarity for Authorised Firms, applicants and their representatives.

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<sup>1</sup> <https://www.adgm.com/documents/legal-framework/public-consultations/2022/consultation-paper-no-6/sustainable-finance-consultation-paper-no-6-of-2022.pdf>

<sup>2</sup> <https://www.adgm.com/documents/legal-framework/public-consultations/2022/consultation-paper-no-6/feedback-statement-for-sustainable-finance-regulatory-framework.pdf>

**ISSUES FOR CONSIDERATION****Question 1**

What are your views on the proposals to increase existing fees?

**Question 2**

What are your views on the proposals to introduce the new fees?

**Question 3**

What are your views on the FSRA's proposal to increase the cost of an additional regulatory permission from USD \$5,000 to USD \$10,000? Should a different model operate concerning additional permissions? Should additional guidance on this topic be drafted?

**Merger of the Approved Persons and the Recognised Persons categories**

17. The FSRA also proposes to consolidate the categories of APs and RPs into the single category of APs through amendments to GEN, with other consequential changes to FSMR, other Rulebooks, guidance documents and forms. While the appointment of APs requires regulatory approval from the FSRA currently, the appointment of RPs only requires approval by the relevant Authorised Firm for whom the RP performs a Recognised Function, with the additional requirement to notify the FSRA within 10 days of that approval. It is the FSRA's view that the proposed consolidation is aligned with best practices where appointments to critical roles within a regulated entity are subject to the regulator's approval.
18. There is currently a fee of USD \$ 500 for each AP application for which regulatory approval is sought. Since the appointment of an RP only involves notification to the FSRA, no similar fee is currently imposed when an RP is appointed by an Authorised Firm. Once these categories are consolidated, there would be a fee for each future application for appointment of an AP that is imposed in lieu of persons who would previously have been appointed by Authorised Firms as RPs ("**Historical RPs**"). The fee collected for applications for future AP appointments for roles that were Historical RPs will also better reflect the resources that are currently spent in reviewing the notifications for appointment of RPs and in supervising such critical roles within FSRA Authorised Firms.
19. In consolidating these categories, no action would be required by Authorised Firms and no fees would be charged to effect this change. RPs would immediately be deemed to be APs upon the amendments proposed in this consultation paper coming into effect.
20. Finally, we encourage Authorised Firms to inform their current RPs of this proposal at this stage, particularly since an RP's name, role, their status, and effective start date in that role will be included in the FSRA Public Register on our website from the date of the change taking effect. The effective start date on the FSRA Public Register for those current RPs who will be deemed to be APs will be the date when they were first appointed as RPs by the relevant Authorised Firms.

**ISSUES FOR CONSIDERATION****Question 4**

Do you have any views regarding the proposed consolidation of the Approved Persons and Recognised Persons categories?

**Conclusion**

21. As ADGM matures as a jurisdiction it is appropriate that the FSRA reviews and revises its fees periodically to better reflect the cost of funding a world-class financial services regulator. The FSRA will continue to invest in resourcing effective and innovative regulatory and supervisory frameworks and its efficient and responsive regulatory teams. This will ensure that Authorised Firms and applicants are afforded the best possible environment that the FSRA can provide in which to grow their businesses whilst maintaining robust and progressive internationally based principles and standards.



## Appendices

### Appendix related to changes to FSRA fees

- **Appendix 1:** Proposed amendments to Fees Rules (FEES)

### Appendices related to merging the Approved Persons and Recognised Persons regimes

Proposed amendments to the following Regulations and Rulebooks:

- **Annex A:** Financial Services and Markets Regulations 2015 (FSMR)
- **Appendix 2:** Anti-Money Laundering and Sanctions Rules and Guidance (AML)
- **Appendix 3:** General Rulebook (GEN)
- **Appendix 4:** Glossary (GLO)
- **Appendix 5:** Islamic Finance Rules (IFR)
- **Appendix 6:** Market Infrastructure Rulebook (MIR)

**Schedule A: Newly proposed fees**

Proposed Rule(s) (FEES)	Activity	Proposed fee (USD \$)
2.1(a) and (b)	Additional permissions: <ul style="list-style-type: none"> <li>Operating an Islamic Window</li> <li>Dealing with Retail Clients</li> </ul>	5,000
2.1(c)	An application to remove specific restrictions applied by the FSRA during authorisation.	5,000
2.2	A waiver and/or modification request.	5,000 for a complex or novel application.
6.1.1	A change in control application	1,000 unless (a) the application is novel or complex, in which case a supplementary fee will be applied at the Regulator's discretion, or (b) the Regulator determines to waive the fee.
7.1.1 and 7.1.2	An application for the opening of a non-ADGM based branch	50% of the fee for the Authorised Person's application or supervision fee
8.3.2	Filing a Replacement Prospectus with the Regulator in relation to a Public Fund.	3,000
9.3.1	Approval of an Offer document originating from outside ADGM	5,000
10.1. and 10.2	Obtaining and retaining a designation under ADGM's sustainable finance regulatory framework, including for an: <ul style="list-style-type: none"> <li>(i) ADGM Green Fund</li> <li>(ii) ADGM Climate Transition Fund</li> <li>(iii) ADGM Green Portfolio</li> <li>(iv) ADGM Climate Transition Portfolio</li> <li>(v) ADGM Green Bond</li> <li>(vi) ADGM Sustainability-Linked Bond</li> </ul>	2,000

**Schedule B: FEES Rulebook – mapping of current to proposed Rules**

<b>Current</b>	<b>Proposed</b>
1.1.1	1.1.1
1.1.2	Deleted
1.2.1	1.2.1
1.2.2	1.2.2
1.2.3	1.2.6
1.2.4	Deleted
1.2.5	1.2.8
1.2.6	1.2.4
1.2.7	1.2.5
2.1.1(a)	3.3.1, 3.5.1
2.1.1(b)	3.2.1
2.1.2(a)	3.3.2, 3.5.2
2.1.2(b)	3.2.2
2.1.2(c)	1.2.2(a)
2.2.2(b)	3.2.1
2.2.3	1.2.2(a)
3.1.1	3.1.1
3.1.2	1.2.2 (Guidance)
3.2.1	3.11.1
3.2.2	3.2.1
3.2.2A	3.11.5
3.2.3	3.11.1, 3.2.1
3.2.3A	3.11.6
3.2.4	3.11.3(a)
3.2.5	3.11.5
3.2.6	3.2.1
3.2.7	3.11.6
3.2.8	3.11.3(b)
3.2.9	3.11.5
3.2.10	3.2.1
3.2.11	3.11.6
3.3.1	3.13.1
3.3.2	3.13.2
3.4	3.3
3.5.1	Deleted
3.5.2(a)	3.4.1
3.5.2(b)	3.2.1
3.5.3(a)	3.4.2
3.5.3(b)	3.2.1
3.6.1	3.10.1
3.6.2	3.2.1
3.6.3	3.10.2
3.7.1(a)	4.1.1
3.7.1(b)	4.1.2
3.7.2(a)	4.1.3
3.7.2(b)	4.1.4
3.7.3(a)	4.2.1
3.7.3(b)	4.2.2
3.7.4(a)	4.3.1

<b>Current</b>	<b>Proposed</b>
3.7.4(b)	4.3.2
3.8.1	3.2.1
3.8.2	3.2.3
3.9.1	9.2.1
3.9.2	Deleted
3.10.1	Deleted
3.10.2	8.1.5
3.10.3	8.1.1
3.10.4	8.1.2
3.10.5	8.1.3
3.10.6	8.1.4
3.10.7	8.2.1
3.10.8	8.2.2
3.11.1	8.4.1
3.11A.1	8.5.1
3.11B.1	3.10.1(e), 3.2.3
3.11B.2	3.10.2(e), 3.2.3
3.12.1	5.1.1
3.13.1	3.14.1
3.13.2	1.2.8
3.14.1	3.15.1
3.14.2	3.15.2
3.14.3	3.16.1
3.15.1(a)	3.9.1
3.15.1(b)	3.9.2
3.15.2(a)	3.9.3
3.15.2(b)	3.9.4
3.16.1	3.17.1
3.16.2	3.17.2
3.17.1	3.18.1
3.17.2	3.18.2
4.1.1	9.1.1
4.2.1	8.3.1
4.2.2	8.3.2
4.3.1	8.6.1
4.3.2	8.6.2
4.4.1	1.2.7