

14 May 2020

To: All ADGM Licenced Persons

REGISTRATION AUTHORITY CIRCULAR NO. (22) OF 2020: UAE ECONOMIC SUBSTANCE REGIME

The purpose of this Circular is to remind all Abu Dhabi Global Market (ADGM) Licensed Persons of the UAE Economic Substance Regime (Regime), comprising:

- Cabinet Resolution No. (31) of 2019 Concerning Economic Substance Regulations, as amended by Cabinet Resolution No. (7) of 2020;
- Cabinet Decision No. (58) of 2019 on the Determination of the Regulatory Competencies Related to the Activities Stated in the Cabinet Resolution No. (31) of 2019; and
- Ministerial Decision No. (215) of 2019 on the issuance of Directives for the Implementation of the provisions of the Cabinet Resolution No. (31) of 2019.

In ADGM, the Regime requires ADGM Licensed Persons carrying on one or more 'Relevant Activities' set out below to satisfy the Economic Substance Test, file the Economic Substance Annual Notification (see further details below) and the Economic Substance Return (unless exempt). Further information on the Economic Substance Return will be made available in due course.

The Relevant Activities for the purposes of the Regime are:

1. Banking Business
2. Insurance Business
3. Investment Fund Management Business
4. Lease-Finance Business
5. Headquarters Business
6. Shipping Business
7. Holding Company Business
8. Intellectual Property Business
9. Distribution and Service Centre Business

The ADGM Registration Authority reminds ADGM Licensed Persons that it is your responsibility to determine whether you carry on one or more Relevant Activities, particularly as these may not accord with what is listed on your Commercial Licence.

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Economic Substance Annual Notification

ADGM Licensed Persons incorporated prior to 30 April 2019 with a financial year-end of 31 December 2019, are required to file the Economic Substance Annual Notification with the Registration Authority by **30 June 2020**. The Economic Substance Annual Notification Form and Filing Guide are available to download from ADGM's Economic Substance Resources page:

<https://www.adgm.com/operating-in-adgm/obligations-of-adgm-registered-entities/economic-substance>.

Significant financial penalties apply for failing to meet the requirements of the Regime and we recommend that you seek independent legal advice if necessary to ensure that you are in compliance with your obligations under the Regime.

Further information and guidance on the Regime can be obtained from:

- ADGM's economic substance resources page, including a subscription feature to subscribe to ADGM economic substance updates, at this link:

<https://www.adgm.com/operating-in-adgm/obligations-of-adgm-registered-entities/economic-substance>; and

- The UAE Ministry of Finance, including a Relevant Activities Guide and FAQs on the Regime, at this link:

<https://www.mof.ae>.

Should you have any questions in relation to the Regime and its administration in ADGM, please email: economicsubstance@adgm.com.

Thank you for your cooperation.

Sincerely,



Registration Authority



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي 40

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