CONSULTATION PAPER

NO. 2 OF 2026

PROPOSED ENHANCEMENTS TO TRANSFER SCHEMES

27 July 2026

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Introduction

Why we are issuing this consultation paper

1. The Financial Services Regulatory Authority ("**FSRA**") of Abu Dhabi Global Market ("**ADGM**") is issuing this consultation paper to invite public feedback on proposed enhancements to the framework governing the transfer of financial services businesses ("**Transfer Schemes**") under Part 7 of the Financial Services and Markets Regulations ("**FSMR**").
2. Capitalised terms contained in this consultation paper have the meanings attributed to them in the FSRA's Glossary Rulebook ("**GLO**"), unless otherwise defined in this consultation paper.

Who should read this paper

3. The proposals in this paper will be of interest to Authorised Persons and Recognised Bodies, potential applicants for a Financial Services Permission, and their respective professional advisors.

How to provide comments

4. All comments should be made in writing and sent to the email address specified below, stating the consultation paper number in the subject line and identifying 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 comments. The FSRA will give comments supported by reasoning and evidence more weight.

What happens next

5. The deadline for providing comments on these proposals is 21 September 2026. When we receive your comments, we will consider whether any modifications are required to the proposed amendments described in this paper. The FSRA will then proceed to enact the proposed amendments. You should not act on the proposed amendments until the relevant regulations and rules are issued.

Comments to be addressed to:

Consultation Paper No. 2 of 2026

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Background

1. Part 7 of FSMR provides a statutory mechanism allowing for the transfer of all or part of the business of an Authorised Person or Recognised Body operating in or from ADGM to be transferred to another body via a Transfer Scheme. This requires all Transfer Schemes to be sanctioned by the Court in order for the transfer to have effect and applies to all business transfers other than transfers of Domestic Funds. Domestic Funds are subject to the requirements in Part 6 of the Fund Rulebook ("**FUNDS**"), pursuant to section 91 of FSMR, and this approach is unaffected by the proposals in this paper.
2. The court approval process allows for a business to be transferred without the need to obtain consent from all third parties, i.e. clients and other affected persons, with the court approval process serving to protect the interests of affected persons.
3. Procedural safeguards, as detailed in Part 7 of FSMR, provide the Court with an independent assessment of the potential impact of the proposed transfer on clients and other affected parties. This ensures that the interests of those parties are not adversely affected by the transfer of the business.
4. While the policy objective of client protection remains paramount, the current mechanism may impose disproportionate costs and cause undue delay, particularly in cases involving small-scale transfers. As these are likely to be the kinds of transfers effected by Authorised Persons and Recognised Bodies currently operating in and from ADGM, the requirement for mandatory court sanctioning in all circumstances therefore creates an unnecessary burden relative to the risks involved.
5. Accordingly, the FSRA is proposing enhancements to the Transfer Scheme regime to ensure that it remains proportionate to the primarily smaller and corporate nature of the client base of firms currently in its scope.

Proposals

Refining the scope of mandatory court sanctioning

6. The FSRA proposes narrowing the scope of mandatory court sanctioning to apply only to transfers of insurance business, apart from the following, two insurance business exclusions:
   (i) intragroup transfers of insurance business where the consent of all policyholders has been obtained; and

(ii) transfers of reinsurance business where the consent of all policyholders, represented in this scenario by the ceding insurer, has been obtained.

7. This also reflects the position in the UK where certain limited types of insurance business transfers are excluded from mandatory court sanctioning but may still choose to use the court process, but it is not compulsory. All other transfers of insurance business will remain subject to judicial oversight, including the production of a Scheme Report, which provides essential safeguards to ensure policyholder rights are not adversely affected.

8. For other transfers, including the two excluded scenarios above, the FSRA believes that mandating court sanctioning for the transfer is disproportionate in the context of ADGM's current market profile. Limiting mandatory court sanctioning to the transfer of insurance business would preserve essential protections while reducing undue burden for all other transfers.

Optional court sanctioning

9. For non-insurance business transfers and the two exclusions noted above, the FSRA notes that firms would still have the option of applying to the Court for an order sanctioning the Transfer Scheme, with the effect of the proposed amendments being that it would no longer be a mandatory requirement. The FSRA notes that the court approval process may still be considered appropriate or desirable in certain circumstances such as where:

- the Transfer Scheme would affect a large number of clients and other affected parties;
- the transfer of business is complex; or
- additional legal certainty is appropriate in the circumstances.

Question 1:	is it appropriate that mandatory court sanctioning be limited to transfers of insurance business only, excluding the two specific scenarios?

Retaining safeguards for affected parties in the absence of court sanctioning

10. In order to retain safeguards in light of the proposed removal of the mandatory requirement for court sanctioning of the transfers of relevant businesses, the FSRA is proposing to introduce certain minimum requirements for transfers made outside the court sanctioned process, focussing on appropriate client engagement.

11. Where a firm decides to proceed with a business transfer without court sanctioning, under what is termed a "Modified Transfer Scheme" for the purposes of the proposals, the FSRA proposes to set out minimum requirements in a proposed new Chapter 8A of the General Rulebook ("GEN") for it to proceed.

12. Under a Modified Transfer Scheme, transfers would only be permitted where defined conditions are met to safeguard client interests, as set out below, with the firm transferring the business being termed the "transferor"[1] and that receiving it "the transferee".

    (i) **Prior notification to the FSRA**: the transferor or the transferee would be required to notify the FSRA in writing before a Modified Transfer Scheme commences. This would enable the FSRA to seek further information, impose requirements, or object to the transfer where necessary, for example, if the transferee lacked adequate financial resources or was not appropriately licensed.

    (ii) **Direct client notification**: the transferor or the transferee would need to ensure that each client receives appropriate notice of the proposed Modified Transfer Scheme in a timely manner, including an explanation of the potential impact of the transfer on them.

    (iii) **Public notice**: public notice of the proposed transfer would need to be published in a timely manner, for example on the website of the transferor or the transferee.

13. All these requirements are considered as minimum safeguards in the case of a Modified Transfer Scheme, with the FSRA proposing to impose them for the purposes of client protection. These obligations on the transferor would ensure that clients are adequately informed, protected, and given sufficient opportunity to exercise choice in relation to a proposed transfer.

14. An additional requirement would apply to Banks and the two insurance business exclusions which, beyond notifying the FSRA of the intended transfer, would need to obtain a "no-objection" acknowledgement from the FSRA before proceeding. This reflects the greater complexity and prudential significance of banking and those insurance transfers relative to the others in the scope of Modified Transfer Schemes, and would enable the FSRA to assess any regulatory, financial stability or client protection implications before the transfer takes effect.

Question 2:	are these proposed requirements sufficient to safeguard clients and other affected parties, or should further requirements also be applied?

[1] The more technical term "person concerned" is used in FSMR and the proposed GEN chapter

Conclusion

15. The FSRA proposes refining the scope of mandatory court sanctioning for business transfers to apply only to insurance business transfers, subject to the two excluded scenarios noted above, and introducing a proportionate regime under the proposed Chapter 8A of GEN for all other transfers. This approach is intended to preserve client protections while ensuring that regulatory requirements remain efficient, targeted and not unduly burdensome for those undertaking business transfers.

16. Those transfers within the scope of Modified Transfer Schemes will be able to avoid the costs and lengthy process associated with a universal, mandatory court sanctioning process, while ensuring that the regime remains effective, transparent, and aligned with ADGM's current market profile.

Appendices

17. It should be noted that the proposed amendments to the GEN and Glossary ("GLO") Rulebooks and the Guidance and Policies Manual ("GPM") are all additions, i.e. there are no amendments to existing requirements or provisions.

- Appendix 1: Proposed amendments to GEN
- Appendix 2: Proposed amendments to GLO
- Attachment 1: Proposed amendments to GPM