

PROPOSED ENHANCEMENTS TO THE DFSA COLLECTIVE INVESTMENT FUND FRAMEWORK

ON 7 JULY 2026, THE DUBAI FINANCIAL SERVICES AUTHORITY (DFSA) PUBLISHED CONSULTATION PAPER NO. 173 (CP 173), PROPOSING SIGNIFICANT REFORMS TO THE DIFC COLLECTIVE INVESTMENT FUND FRAMEWORK. ACCORDING TO THE DFSA, THIS REPRESENTS THE MOST SUBSTANTIAL REVIEW OF THE FUNDS REGIME SINCE ITS LAST MAJOR OVERHAUL IN 2010.

The proposals are intended to align regulatory requirements more closely with fund-specific risks, enhance regulatory efficiency, and support the continued growth of the DIFC asset management sector.

KEY PROPOSED CHANGES

Risk-Based Approach for Private Funds

The DFSA proposes moving away from rigid specialist fund classifications towards a more flexible and risk-based framework. This would better accommodate hybrid and multi-strategy investment vehicles and reduce unnecessary regulatory constraints on private funds.

Simplification of Investment Management Licensing

The proposal clarifies that activities such as dealing as agent and arranging transactions are integral components of fund management and are already covered under a Managing Assets licence. This is intended to streamline authorisation requirements for investment managers.

Modernisation of Master-Feeder Fund Structures

The DFSA proposes updates to the rules governing public fund master-feeder structures by:

- > Removing outdated eligibility requirements; and
- > Expanding the definition of a master fund to better reflect current market practices.

Removal of the External Fund Manager Regime

The consultation proposes eliminating the external fund manager framework, reflecting the increasing number of investment managers seeking direct DFSA authorisation and supervision.

Expanded Employee Investment Opportunities

The proposals would broaden the ability of employees to invest in private funds managed by their employer, either directly or through dedicated investment vehicles. The objective is to support staff retention and align employee interests with fund investors.

Technical Amendments to Collective Investment Law

A range of targeted amendments are proposed to improve clarity, consistency and operational efficiency within the existing legislative framework.

KEY TAKEAWAY

CP 173 represents a significant shift towards a more proportionate and risk-based funds regime within the DIFC. If adopted, the proposals are expected to provide greater flexibility for fund managers, reduce regulatory complexity, modernise fund structures, and position the DIFC more competitively in line with international asset management standards.

Consultation deadline ended 7 September 2026. No final implementation date has been announced by the DFSA at this stage. The DFSA will consider industry feedback before issuing final rules and implementation timelines.

HOW WE CAN ASSIST

For more information, please contact your usual Trident Trust representative or our office at dubai@tridenttrust.com.

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