

ADGM FSRA FUNDS FRAMEWORK ENHANCEMENTS

THE FINANCIAL SERVICES REGULATORY AUTHORITY (FSRA) HAS FINALISED A SERIES OF AMENDMENTS TO THE FUNDS, COBS, GEN, GLO AND PRU RULEBOOKS AIMED AT CREATING A MORE PROPORTIONATE REGULATORY FRAMEWORK FOR FUND MANAGERS, FACILITATING CAPITAL FORMATION, AND ENHANCING ADGM'S ATTRACTIVENESS AS A FUND DOMICILE. THE AMENDMENTS BECAME EFFECTIVE FOLLOWING PUBLICATION ON 16 SEPTEMBER 2026, WITH CERTAIN TRANSITIONAL ARRANGEMENTS APPLYING UNTIL 31 MARCH 2027.

KEY CHANGES

Introduction of Sub-Threshold Fund Managers (STFMs)

A new category of STFM has been introduced for managers of smaller private funds. An STFM may:

- > Manage only closed-ended exempt funds, QIFs or equivalent foreign funds
- > Have aggregate committed capital not exceeding USD 200 million across all managed funds
- > Provide investment advice and arranging services solely in connection with co-investment opportunities related to its funds
- > Not operate as a "host" fund manager

STFMs benefit from a lighter regulatory regime, including exemptions from certain governance and control function requirements.

New Institutional Fund Manager (IFM) Regime

The amendments introduce the concept of an IFM and Institutional Fund Asset Manager (IFAM). An institutional fund:

- > Must be a QIF or foreign fund
- > Must have a minimum subscription of USD 5 million
- > Cannot accept natural person investors

This regime is designed for managers servicing exclusively institutional investors and provides a more proportionate compliance framework.

Revisions to the Venture Capital Fund Manager (VCFM) Framework

The VCFM regime has been amended to align with the new STFM framework:

- > The previous USD 100 million subscription cap has been removed
- > Aggregate committed capital may now reach USD 200 million
- > VCFMs may undertake limited arranging and advising activities related to co-investments alongside venture capital investments

A transition period applies until 31 March 2027.

Employee Investment Vehicle (EIV) Framework

A new framework has been introduced to facilitate employee participation in private funds. Key changes:

- > EIVs are excluded from the definition of a fund
- > Employees and directors may invest collectively through an EIV into exempt funds and QIFs
- > Minimum subscription thresholds otherwise applicable to investors do not apply to EIV participation

This is intended to facilitate employee co-investment arrangements without creating unnecessary regulatory burdens.

Reduced Governance Requirements for Certain Fund Managers

The amendments provide significant regulatory relief for:

- > STFM
- > IFM
- > IFAM
- > VCFM

Such firms are exempt from requirements relating to:

- > Finance officer appointment
- > Formal risk management framework
- > Compliance function
- > Internal audit function

This reflects the FSRA's move toward a more proportionate supervisory approach for lower-risk fund managers.

New Disclosure Requirements

Fund managers operating under these streamlined categories must clearly disclose:

- > Their regulatory status
- > Any restrictions on their Financial Services Permission

These disclosures must be included in fund offering documents and prospectuses.

Changes Affecting Foreign Fund Managers (FFMs)

The framework applicable to FFMs has been revised, including tighter controls where foreign managers are connected to ADGM domestic funds. Transitional arrangements apply until 31 March 2027. Key compliance takeaways:

- > New opportunities exist to establish ADGM fund managers under proportionate regulatory categories (STFM and IFM)
- > Venture capital managers benefit from increased fundraising capacity
- > Employee co-investment structures are now expressly accommodated
- > Certain fund managers can operate with substantially reduced governance and control function requirements
- > Existing VCFMs and FFMs should assess whether changes to licensing status or operational arrangements are required before the end of the transition period on 31 March 2027

Effective Date: The FSRA announced the finalisation of the Funds Framework enhancements on 16 September 2026, with certain transitional provisions running until 31 March 2027.

HOW WE CAN ASSIST

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

- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,100 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 47,000 ENTITIES
- ▶ \$177BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

[TRIDENTTRUST.COM](https://tridenttrust.com)