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Mergers & Acquisitions | Private Equity Update August 26, 2026

DIFC Expands Its Prescribed Company Regime: How It Compares With the Abu Dhabi Global Market Special Purpose Vehicle Regime

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Amended Dubai International Financial Centre (DIFC) Prescribed Company Regulations

The DIFC enacted amended Prescribed Company Regulations (the **PC Regulations**) on 24 July 2026. The amendments remove the last of the restrictions on who may establish a Prescribed Company (**PC**), a type of special purpose vehicle (**SPV**) or holding company vehicle, in the DIFC. Effectively, a PC may now be established by any applicant. This is a significant departure from the qualifying requirements that previously applied, which required the PC to be controlled by a Gulf Cooperation Council (**GCC**) person, a DIFC registered person or an authorised firm, or for the PC to be established to hold GCC Registrable Assets or to carry out a defined “Qualifying Purpose” (which under the previous PC regime included, for example, crowdfunding and aviation structures).

Unless the context requires otherwise, capitalised terms used in this article have the meaning given to them in the PC Regulations.

Expanded Role of Corporate Service Providers (CSPs) in the DIFC

Requirement to appoint a CSP

In place of the qualifying requirements, the PC Regulations now require most PCs to appoint a Dubai Financial Services Authority (**DFSA**) licensed corporate service provider (**CSP**), which requirement is indicative of the aim to increase oversight of PCs.

Exceptions from the requirement to appoint a CSP

A PC that meets certain criteria is exempt from the requirement to appoint a CSP.

In order to qualify for the exemption, a PC must be controlled by:

a. an eligible DIFC registered entity (i.e. any DIFC registered entity excluding another PC, a Variable Capital Company, Non-Profit Incorporated Organisation or Foundation);

b. a firm licensed by the DFSA or another recognised financial services regulator;

c. a body corporate which has any class of its securities on a recognised securities exchange; or

d. a qualifying government entity.

Grace period for PCs to appoint a CSP

PCs which are incorporated before 24 July 2026 and do not benefit from the exemptions described above have until 24 January 2027 to appoint a CSP. Failure to do so may result in a financial penalty of up to USD 20,000 and the loss of the entity’s status as a PC.

Role of CSPs

CSPs are now central to establishing and maintaining most PCs. The PC Regulations give CSPs a formal statutory role as the administrative and compliance interface with the Registrar. Under Regulation 5 of the PC Regulations, the CSP is expressly responsible for lodging or paying all documents, forms and fees required by the PC Regulations to incorporate or continue a relevant PC, and for making ongoing regulatory filings on its behalf. The CSP must keep up-to-date and readily accessible records for each PC it acts for, make those records available for inspection by the Registrar, and retain them for six years after it ceases to act.

Regulation 5 of the PC Regulations also requires the PC to give its CSP the information and documents needed to discharge its duties, and failure to do so may result in a financial penalty of up to USD 100,000. The Registrar, in turn, has inspection and investigation powers over CSPs, including requiring production of documents or access to premises, notifying the DFSA of suspected breaches of a CSP’s duties and referring potential criminal offences to law enforcement agencies.

The practical effect of this expanded CSP role is that day-to-day compliance sits with the CSP, while responsibility for providing it with accurate information remains with the PC and its director(s).

Comparison With the Abu Dhabi Global Market (ADGM)

The effect of the updated PC Regulations is to make the PC vehicle far more accessible at the point of incorporation and more closely supervised, through enhanced CSP oversight, thereafter.

This is not markedly different from the position with respect to the SPV regime in the ADGM. The ADGM has required a service provider for non-exempt SPVs since July 2021, with similar statutory duties and obligations applicable to CSPs acting on behalf of ADGM SPVs. Consequently, the two regimes now resemble one another far more closely than before.

Other Similarities Between the Regimes

Form

Under both the ADGM and DIFC regimes, ADGM SPVs and PCs (respectively) may only be private companies limited by shares incorporated under the relevant companies legislation. In the ADGM, an SPV may also be incorporated as a restricted scope private company limited by shares (the key features of which are described below). Although both vehicles are private companies, they are licensed to act only as passive holding vehicles. They may hold assets but may not trade or carry on operational business, and neither vehicle may employ staff. The prohibition on employing staff would not, however, prevent the relevant vehicle from appointing a director(s) or hiring third-party service providers (such as advisory firms).

Registered office

In addition, both regimes dispense with the need for such entities to lease premises within the relevant free zone, instead requiring the ADGM SPV or PC to have a registered office in the relevant free zone. In practice, this registered office is provided by the appointed CSPs or, where the vehicle is exempt, by a group entity already established in the applicable free zone.

Key Differences

Nexus

The nexus requirement is now the key difference between the two regimes. The ADGM requires every applicant to demonstrate an appropriate connection to the ADGM, the United Arab Emirates (**UAE**) or the wider GCC. The test is set out in Registration Authority guidance rather than in the ADGM Companies Regulations 2020 (the **ADGM Regulations**) themselves, with the ADGM Registrar retaining the ultimate discretion in determining whether an ADGM SPV has established sufficient connection. In practice, the ADGM Registrar has adopted a pragmatic approach in this regard. The DIFC has removed its nexus and qualifying purpose requirements altogether in the PC Regulations. Family offices, funds and corporate groups without an existing regional footprint or a qualifying purpose had previously struggled to meet the nexus requirements to establish a PC in the DIFC. That assessment no longer forms part of the application process.

Exempt vehicles

The exemption tests with respect to whether an ADGM SPV or PC is required to appoint a CSP also differ. While the two regimes broadly recognise the same categories of controlling entity, the ADGM additionally allows a vehicle to dispense with the CSP requirement where its parent can demonstrate substantial UAE assets, turnover and employees together with adequate governance policies. The DIFC has no equivalent exemption, so a PC within an established regional group without a DIFC-registered parent will generally need a CSP, whereas this may not be necessary in the ADGM.

Audited accounts

Both a PC and an ADGM SPV must maintain accounting records, and both must file audited accounts with the applicable company registrar unless they qualify under the small companies regime in the relevant free zone.

The tests differ in construction. The DIFC exemption turns on annual turnover below USD 5 million and no more than 20 shareholders, while the ADGM exemption turns on turnover not exceeding USD 13.5 million and no more than 35 employees. The PC Regulations also go further in two limited respects, offering additional exemptions for PCs that carry out Structured Financing (e.g. where a PC is used within a structure for a sukuk issuance) and for crowdfunding structures where the underlying PCs may have more than 20 shareholders but do not exceed a turnover of USD 5 million.

In practice the difference in thresholds may have limited impact, since a vehicle seeking to be treated as a qualifying free zone person under the UAE corporate tax regime will need audited financial statements in either free zone regardless of its size.

Restricted Scope Companies

It is worth noting that the ADGM also permits an SPV to be incorporated as a Restricted Scope Company (**RSC**). An RSC may only be incorporated in limited circumstances under the ADGM Regulations, for example if it is a subsidiary undertaking of a body corporate incorporated by the federal laws of the UAE or the laws of any Emirate of the UAE.

An RSC is also a private company, but benefits from enhanced confidentiality in that its directors and shareholders do not appear on the public register, although that information must still be disclosed in full to the ADGM Registrar of Companies[1]. It is also not required to file accounts or have its accounts audited. Under section 3(4) of the ADGM Regulations an RSC must be a subsidiary undertaking of a body corporate that prepares and publishes group accounts, whether under the ADGM Regulations or under another regime the ADGM companies registrar recognises for that purpose, a subsidiary undertaking of a body corporate incorporated by the federal law of the UAE or by the law of any Emirate of the UAE, or wholly owned by a single natural person or by a group of family members approved by the ADGM companies registrar. The first and third limbs described above each involve an element of discretion from the ADGM companies registrar, and therefore any person seeking to incorporate an RSC should confirm the relevant eligibility criteria at the outset.

The DIFC has no general equivalent of an RSC, and a company's directors and shareholders will ordinarily be disclosed on the DIFC public register. However, a private register regime is separately available under the DIFC Family Arrangements Regulations for certain family businesses. A PC established within a family business structure may therefore benefit under a separate private register regime, subject to a specific application and payment of a registration fee.

Cost

At the time of publishing this alert, the registration costs in the ADGM and DIFC are broadly comparable. In the DIFC, registration costs are approximately USD 1,100 (with separate data protection fees of USD 750 for entities processing personal data) compared with a comprehensive fee of USD 1,900 in the ADGM. However, in both free zones, unless the relevant vehicle is exempt from the requirement to appoint a corporate service provider, for most vehicles the service provider fees for incorporation, provision of a registered office and ongoing administration will exceed the registry fees, and will need to be negotiated directly with the provider.

For RSCs, in addition to the USD 1,900 registration fees, an additional licensing fee of USD 3,100 applies.

Key Differences at a Glance

	DIFC Prescribed Company	**ADGM Special Purpose Vehicle**
Regional nexus	Not required. Open to any applicant, wherever resident.	Connection to the ADGM, the UAE or the GCC, assessed under guidance and subject to the ADGM companies registrar's ultimate discretion.
Exemption from the CSP requirement	Exemption applies if PC is controlled by a regulated, listed, government or eligible DIFC-registered entity.	Equivalent categories as mentioned opposite apply, and additionally an exemption based on demonstrable adequate presence in the UAE.
Accounts and audit	Accounts must be filed and audited unless the small companies regime applies. Certain additional exemptions	Accounts must be filed and audited unless the small companies regime applies or the

	are available for PCs carrying out Structured Financing or as part of a Crowdfunding Structure.	ADGM SPV is an RSC (in which case it is exempt from the audit requirement and need only file its balance sheet).
Reduced disclosure	Usual disclosure applies. Separate private register regime available to certain family businesses under the Family Arrangements Regulations.	Details of directors and shareholders of ADGM SPVs incorporated as RSCs do not appear on the public register.
Registry and formation fees	USD 100 application fee and USD 1,000 commercial licence fee. Separate data protection costs of USD 750 when PC is processing personal data.	USD 200 name reservation fee, USD 700 registration fee (inclusive of a data protection fee), and USD 1,000 commercial licence fee. RSC registration is approximately USD 5,000.
Grace period to appoint a CSP – action required	Non-exempt PCs must appoint a service provider by 24 January 2027.	None. The equivalent grace period expired in 2021.

[1] Beneficial ownership is not publicly disclosed for entities in the either the ADGM or DIFC.

The following Gibson Dunn lawyers prepared this update: Andrew Steele, Jade Chu, Ash Cywicki, and Krishna Parikh.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding these issues. For additional information about how we may assist you, please contact the Gibson Dunn lawyer with whom you usually work, any leader or member of the firm's Mergers & Acquisitions or Private Equity practice groups, or the authors:

Andrew Steele – Abu Dhabi (+971 2 234 2621, asteele@gibsondunn.com)

Jade Chu – Dubai/Abu Dhabi (+971 4 318 4604, jchu@gibsondunn.com)

Ashley Cywicki – Dubai/Abu Dhabi (+971 4 318 4607, acywicki@gibsondunn.com)

Krishna Parikh – Dubai (+971 4 318 4609, kparikh@gibsondunn.com)