

COMPANIES REGULATIONS 2020

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Regulations to make provision for the formation and registration of companies in the Abu Dhabi Global Market.

Date of Enactment: 29 April 2020

The Board of Directors of the Abu Dhabi Global Market, in exercise of its powers under Article 6(1) of Law No. 4 of 2013 concerning the Abu Dhabi Global Market issued by His Highness the Ruler of the Emirate of Abu Dhabi, hereby enacts the following Regulations—

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PART 14

ACCOUNTS AND REPORTS

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CHAPTER 8

FILING OF ACCOUNTS AND REPORTS

Duty to file accounts and reports

418. Filing obligations of companies subject to small companies regime

- (1) The directors of a company subject to the small companies regime—
 - (a) must deliver to the Registrar for each financial year a copy of a balance sheet drawn up as at the last day of that year, and
 - (b) may also deliver to the Registrar—
 - (i) a copy of the company's profit and loss account for that year, and
 - (ii) a copy of the directors' report for that year.
- (2) The directors must also deliver to the Registrar a copy of the auditor's report on the accounts (and any directors' report) that it delivers. This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.
- (3) Subject to section 419 the copies of accounts and reports delivered to the Registrar must be copies of the company's annual accounts and reports.
- (4) The copies of the balance sheet and any directors' report delivered to the Registrar under this section must state the name of the person who signed it on behalf of the board.
- (5) The copy of the auditor's report delivered to the Registrar under this section must—

- (a) state the name of the auditor and ~~(where the auditor is a firm)~~ the name of the person who signed it as senior auditor, or
- (b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.

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420. Filing obligations of medium-sized companies

- (1) The directors of a company that qualifies as a medium-sized company in relation to a financial year (see sections 438 (companies qualifying as medium-sized: general) to 440 (companies excluded as being treated as medium-sized)) must deliver to the Registrar a copy of–
 - (a) the company's annual accounts, and
 - (b) the directors' report.
- (2) They must also deliver to the Registrar a copy of the auditor's report on those accounts (and on the directors' report). This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.
- (3) The copies of the balance sheet and directors' report delivered to the Registrar under this section must state the name of the person who signed it on behalf of the board.
- (4) The copy of the auditor's report delivered to the Registrar under this section must–
 - (a) state the name of the auditor and ~~(where the auditor is a firm)~~ the name of the person who signed it as senior auditor, or
 - (b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.
- (5) This section does not apply to companies within section 418 (filing obligations of companies subject to the small companies regime).

421. Filing obligations of companies generally

- (1) The directors of a company must deliver to the Registrar for each financial year of the company a copy of–
 - (a) the company's annual accounts, and
 - (b) the directors' report.
- (2) The directors to whom subsection (1) applies must also deliver to the Registrar a copy of the auditor's report on those accounts (and the directors' report). This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.
- (3) The copies of the balance sheet and directors' report delivered to the Registrar under this section must state the name of the person who signed it on behalf of the board.

- (4) The copy of the auditor's report delivered to the Registrar under this section must—
- (a) state the name of the auditor and ~~(where the auditor is a firm)~~ the name of the person who signed it as senior auditor, or
 - (b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.
- (5) This section does not apply to companies within—
- (a) section 418 (filing obligations of companies subject to the small companies regime), or
 - (b) section 420 (filing obligations of medium-sized companies).

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PART 15

AUDIT

CHAPTER 1

REQUIREMENT FOR AUDITED ACCOUNTS

Requirement for audited accounts

447. Requirement for audited accounts and public interest entities and financial institutions

- (1) A company's annual accounts for a financial year must be audited in accordance with this Part unless the company is exempt from audit under—
- section 449 (small companies),
 - section 452 (subsidiary companies), or
 - section 455 (dormant companies).
- (2) A company is not entitled to any such exemption unless its balance sheet contains a statement by the directors to that effect.
- (3) A company is not entitled to exemption under any of the provisions mentioned in subsection (1) unless its balance sheet contains a statement by the directors to the effect that—

- (a) the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 448 (right of members to require audit), and
 - (b) the directors acknowledge their responsibilities for complying with the requirements of these Regulations with respect to accounting records and the preparation of accounts.
- (4) The statement required by subsection (2) or (3) must appear on the balance sheet above the signature required by section 399 (approval and signing of accounts).
- (5) A company that is not exempt from audit must appoint an auditor who is eligible for appointment under Part 35 of these Regulations and any Rules made thereunder, including, in the case of public interest entities and financial institutions, satisfying any additional requirements for auditors of such companies.
- (56) In this Part, “public interest entity” and “financial institution” shall have the meaning given to them in section 372 (public interest entities and financial institutions).
- (67) This Part does not apply to restricted scope companies who shall be exempt from audit for the purposes of these Regulations.

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CHAPTER 3

FUNCTIONS OF AUDITOR

Auditor's report

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473. Auditor's rights in relation to resolutions and meetings

- (1) In relation to a written resolution proposed to be agreed to by a private company, the company's auditor is entitled to receive all such communications relating to the resolution as, by virtue of any provision of Chapter 2 of Part 13 of these Regulations, are required to be supplied to a member of the company.
- (2) A company's auditor is entitled—
 - (a) to receive all notices of, and other communications relating to, any general meeting which a member of the company is entitled to receive,
 - (b) to attend any general meeting of the company, and
 - (c) to be heard at any general meeting which he attends on any part of the business of the meeting which concerns him as auditor.

- (3) ~~Where the auditor is a firm, the~~ The right of the company's auditor to attend or be heard at a meeting is exercisable by an individual authorised by the firm in writing to act as its representative at the meeting.

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475. Senior auditor

- ~~(1) The senior auditor means the individual identified by the firm as senior auditor in relation to the audit in accordance with (a) standards issued by the Board, or (b) if there is no applicable standard so issued, any relevant guidance issued by (i) the Board, or 278 (ii) a body appointed by the Board.~~

- ~~(2) The person identified as senior auditor must be eligible for appointment as auditor of the company in question (see Chapter 2 of Part 35 of these Regulations).~~

- ~~(3) The senior auditor is not, by reason of being named or identified as senior auditor or by reason of his having signed the auditor's report, subject to any civil liability to which he would not otherwise be subject.~~

- (1) The senior auditor means the individual appointed by the audit firm as the audit principal in relation to the audit in accordance with Rules made by the Registrar under Part 35 of these Regulations.

- (2) The senior auditor must be eligible for appointment as audit principal of the company in question, including, in the case of public interest entities and financial institutions, satisfying any additional requirements for audit principals of such companies.

476. Names to be stated in published copies of auditor's report

- (1) Every copy of the auditor's report that is published by or on behalf of the company must—
- (a) state the name of the auditor and ~~(where the auditor is a firm)~~ the name of the person who signed it as senior auditor, or
 - (b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.
- (2) For the purposes of this section a company is regarded as publishing the report if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.
- (3) If a copy of the auditor's report is published without the statement required by this section, a contravention of these Regulations is committed by—
- (a) the company, and
 - (b) every officer of the company who is in default.

- (4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 3 fine.

477. Circumstances in which names may be omitted

- (1) The auditor's name ~~and, where the auditor is a firm,~~ the name of the person who signed the report as senior auditor, may be omitted from—
- (a) published copies of the report, and
 - (b) the copy of the report delivered to the Registrar under Chapter 8 of Part 14 (filing of accounts and reports), (c) if the following conditions are met.
- (2) The conditions are that the company—
- (a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or senior auditor, or any other person, would be subject to violence or intimidation, has resolved that the name should not be stated, and
 - (b) has given notice of the resolution to the Registrar, stating—
 - (i) the name and registered number of the company, 279
 - (ii) the financial year of the company to which the report relates, and
 - (iii) the name of the auditor and ~~(where the auditor is a firm)~~ the name of the person who signed the report as senior auditor.

CHAPTER 4

REMOVAL, RESIGNATION, ETC. OF AUDITORS

Removal of auditor

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491. Duty of auditor to notify ~~appropriate audit authority~~ the Registrar

- (1) Where—
- (a) in the case of a major audit, an auditor ceases for any reason to hold office, or
 - (b) in the case of an audit that is not a major audit, an auditor ceases to hold office before the end of ~~his~~ their term of office,
 - (c) the auditor ceasing to hold office must notify ~~the appropriate audit authority and~~ the Registrar.
- (2) The notice must—

- (a) inform the ~~appropriate audit authority~~ Registrar that ~~he has~~ they have ceased to hold office, and
- (b) be accompanied by a copy of the statement deposited ~~by him~~ at the company's registered office in accordance with section 488 (statement by auditor to be deposited with company).
- (3) If the statement so deposited is to the effect that ~~he~~ they considers that there are no circumstances in connection with ~~his~~ their ceasing to hold office that need to be brought to the attention of members or creditors of the company, the notice must also be accompanied by a statement of the reasons for ~~his~~ ceasing to hold office.
- (4) The auditor must comply with this section—
- (a) in the case of a major audit, at the same time as ~~he~~ they deposits a statement at the company's registered office in accordance with section 488 (statement by auditor to be deposited with company),
- (b) in the case of an audit that is not a major audit, at such time (not being earlier than the time mentioned in subsection (4)(a)) as the appropriate audit authority or the Registrar may require.
- (5) In this section, "major audit" means an audit conducted under this Part in respect of—
- (a) a listed company; and
- (b) any other person in whose financial condition there is a major public interest.
- (6) In determining whether an audit is a major audit within subsection 5(b), regard shall be had to any guidance issued by the Registrar.
- (7) ~~A person~~ An auditor ceasing to hold office as auditor who fails to comply with this section commits a contravention of these Regulations.
- (8) ~~If that person is a firm a~~ A contravention is committed by—
- (a) the firm, and
- (b) every officer of the firm who is in default.
- (9) An auditor and any officer of the auditor ~~A person~~ does not commit the contravention referred to in subsection (7) if ~~he~~ they shows that ~~he~~ they took all reasonable steps and exercised all due diligence to avoid the commission of the contravention.
- (10) ~~A person~~ An auditor who commits the contravention referred to in subsection (7) shall be liable to a level 2 fine.

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Part 35

AUDITORS

Chapter 1

INTRODUCTORY

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1032. Eligibility for appointment as an auditor

- ~~(1) A firm is eligible for appointment as an auditor if the firm—~~
- ~~(a) is recognised for the purposes of this section by the Registrar, and~~
 - ~~(b) is a member of a recognised professional body and satisfies any additional requirements prescribed by rules made by the Board for the purposes of this section.~~
- ~~(2) In this Part a “recognised professional body” means a body which offers a professional qualification in accountancy and is recognised and approved pursuant to rules made by the Board.~~
- (1) No firm may be appointed or act as an auditor of an audited person unless the first-mentioned firm is:
- (a) registered or treated as having been registered as an auditor pursuant to rules made by the Registrar under section 1032A;
 - (b) holds any permit or authorisation as may be required to act as such auditor; and
 - (c) is otherwise in compliance with the requirements of this Part."

1032A. Registration of auditors and audit principals

The Registrar may make rules which require or allow:

- (a) the registration of auditors and certain individuals who are appointed by an auditor with responsibility for managing the conduct or provision of audit services by the auditor or for signing on behalf of the auditor audit or other reports or any other matters as may be provided for in such rules ("audit principals");
- (b) an auditor or an audit principal to apply to the Registrar for the issue to it of a registration or permit to act as a registered auditor or registered audit principal for such categories of company, entity or body carrying on such business or activities as may be prescribed by the Registrar in such rules or in such registration or permit;
- (c) auditors and audit principals whose names are entered on the register to comply with or satisfy such conditions or requirements as may be prescribed in or pursuant to such rules or any such registration or permit as may be issued to them as mentioned in (b) above;
- (d) the Registrar to exercise such powers and rights with respect to the regulation of such auditors and audit principals as the Registrar may consider appropriate, including powers to impose sanctions, whether by way of fine, censure or otherwise, on any auditor or audit principal who contravenes any requirement applicable to it or him pursuant to such rules and, in such circumstances as such rules may prescribe, to suspend or withdraw any registration of, or the issue of

any registration or permit to, an auditor or audit principal pursuant to such rules; and

- (e) the Registrar from time to time to amend, revise, withdraw or supplement any rules so made by him as he may consider appropriate or desirable for the purposes of such rules.

1032B. Registration of auditors and Commercial Licences

The registration of an auditor as a registered auditor by the Registrar shall be deemed to be a "licensed person" with respect to all controlled activities relating to audit services, for the purposes of the Commercial Licensing Regulations 2015. For the avoidance of doubt, these Regulations, and not the Commercial Licensing Regulations 2015, shall apply with respect to all licensing matters for registered auditors.

1033. Effect of ineligibility

- ~~(1) No person may act as an auditor of an audited person if he is ineligible for appointment as an auditor.~~
- ~~(2) If at any time during his term of office an auditor becomes ineligible for appointment as an auditor, he must immediately—~~
- ~~(a) resign his office (with immediate effect), and~~
- ~~(b) give notice in writing to the audited person that he has resigned by reason of his becoming ineligible for appointment.~~
- ~~(3) A person will commit a contravention of these Regulations if—~~
- ~~(a) he acts as an auditor in contravention of subsection (1), or~~
- ~~(b) he fails to give the notice mentioned in paragraph (b) of subsection (2) in accordance with that subsection.~~
- ~~(4) A person who commits the contravention referred to in subsection (3) shall be liable to up to a level 6 fine.~~
- ~~(5) In proceedings against a person for any contravention under this section it is a defence for him to show that he did not know and had no reason to believe that he was, or had become, ineligible for appointment as an auditor.~~

- (1) If at any time a firm who has been appointed or is acting as an auditor, or a person who has been appointed or is acting as an audit principal, ceases to be a registered auditor or a registered audit principal under rules made pursuant to section 1032A, such a firm or person must immediately:

- (a) resign each appointment (with immediate effect) that they may hold as an auditor or audit principal in relation to an audited person, and
- give notice in writing to the audited person that they have resigned such appointment by reason of being no longer registered as an auditor or, as the case maybe, audit principal under rules made pursuant to section 1032A.

- (1) A firm or person (as the case may be) will commit a contravention of these Regulations

if:

- (a) they act as an auditor or audit principal in contravention of subsection (1), or
- (b) they fail to give the notice mentioned in paragraph (b) of subsection (1) in accordance with that subsection.

(2) A firm, or person, who commits the contravention referred to in subsection (2) shall be liable to up to a level 6 fine.

(3) In proceedings against a firm or person for any contravention under this section it is a defence for them to show that they did not know and had no reason to believe that they had ceased to be a registered auditor or registered audit principal.

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1035. Effect of lack of independence

- (1) If at any time during ~~his~~ their term of office an auditor becomes prohibited from acting by section 1034(1), ~~he~~ they must immediately—
 - (a) resign ~~his~~ their office (with immediate effect), and
 - (b) give notice in writing to the audited person that ~~he~~ they resigned by reason of ~~his~~ their lack of independence.
- (2) ~~A person~~ An auditor will commit a contravention of these Regulations if —
 - (a) ~~he~~ they ~~acts~~ act as an auditor in contravention of section 1034(1), or
 - (b) ~~he~~ they ~~fails~~ fail to give the notice mentioned in paragraph (b) of subsection (1) in accordance with that subsection.
- (3) ~~A person~~ An auditor who commits the contravention referred to in subsection (2)(a) shall be liable to up to a level 4 fine.
- (4) ~~A person~~ An auditor who commits the contravention referred to in subsection (2)(b) shall be liable to a level 3 fine.
- (5) In proceedings against ~~a person~~ an auditor for any contravention under this section it is a defence for ~~him~~ them to show that ~~he~~ they did not know and had no reason to believe that ~~he was~~ they were, or had become, prohibited from acting as auditor of the audited person by section 1034(1).

~~1037. Matters to be notified to the Registrar~~

- ~~(1) The Registrar may require a recognised professional body—~~
 - ~~(a) to notify it immediately of the occurrence of such events as it may specify in writing and to give it such information in respect of those events as is so specified,~~
 - ~~(b) to give him, at such times or in respect of such periods as he may specify in writing, such information as is so specified.~~

- ~~(2) The notices and information required to be given must be such as the Registrar may reasonably require for the exercise of its functions under these Regulations~~
- ~~(3) The Registrar may require information given under this section to be given in a specified form or verified in a specified manner.~~
- ~~(4) Any notice or information required to be given under this section must be given in writing unless the Registrar specifies or approves some other manner.~~

~~1038. The Registrar's power to call for information~~

- ~~(1) The Registrar may by notice in writing require any person eligible for appointment as an auditor by virtue of this Chapter to give him such information as he may reasonably require for the exercise of his functions under this Part.~~
- ~~(2) The Registrar may require that any information which he requires under this section is to be given within such reasonable time and verified in such manner as he may specify.~~

Chapter 3

THE REGISTER OF AUDITORS ETC

~~1039-1037. The register of auditors~~

- ~~(1) The Registrar may make rules which require one or more registers of the firms eligible for appointment as an auditor, or the persons eligible for appointment as an audit principal, to be kept.~~
- ~~(2) The rules may require each firm or person's entry in the register to contain relevant information about firms or persons recorded therein, including but not limited to—~~
 - ~~(a) a name and address.~~
 - ~~(b) in the case of a firm eligible for appointment as an auditor, the specified information relating to the individuals responsible for audit work on its behalf.~~
 - ~~(c) in the case of a firm eligible for appointment as an auditor by virtue of Chapter 2, the information mentioned in subsection (3).~~
- ~~(3) The information referred to in subsection (2)(c) is—~~
 - ~~(a) in relation to a body corporate, the name and address of each person who is a director of the body or holds any shares in it.~~
 - ~~(b) in relation to a partnership, the name and address of each partner.~~
- ~~(4) The rules may provide that different parts of the register are to be kept by different persons.~~
- ~~(5) The rules may impose such obligations as the Registrar thinks fit on—~~
 - ~~(a) recognised professional bodies, and~~
 - ~~(b) persons eligible for appointment as an auditor.~~

- (6) The rules may include–
 - (a) provision requiring that specified entries in the register be open to inspection at times and places specified or determined in accordance with the rules,
 - (b) provision enabling a person to require a certified copy of specified entries in the register.
- (7) In this section “specified” means specified by rules made under this section.
- (8) The Board may make rules which make provision for the charging of fees for inspection, or the provision of copies of the register maintained under this section, such fees to be of such reasonable amount as may be specified or determined in accordance with those rules.