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# UAE CAPITAL MARKETS OVERHAUL A NEW FRAMEWORK WITH STRONGER INVESTOR SAFEGUARDS

The UAE has introduced a new federal capital markets framework through Federal Decree-Law No. 32 of 2025 on the Capital Market Authority and Federal Decree-Law No. 33 of 2025 Concerning the Regulation of the Capital Market. The new regime replaces the former Securities and Commodities Authority framework and represents a significant regulatory upgrade aimed at strengthening market integrity and investor confidence.

## A STRONGER AND MORE CENTRALIZED REGULATOR

The legislation establishes the Capital Market Authority (“CMA”) as an independent federal authority with wide supervisory, regulatory, and enforcement powers. The CMA is responsible for licensing, monitoring, and supervising capital market activities across the UAE (excluding financial free zones), and may intervene where market stability or investor interests are at risk. For clarity, activities carried out wholly within the DIFC or ADGM remain regulated by the DFSA and FSRA respectively; however, where an entity (including one based in a financial free zone) markets to, solicits, or otherwise targets onshore UAE investors, or conducts regulated activity with an onshore UAE nexus, it may also trigger UAE federal capital markets requirements.



## BROADER REGULATORY COVERAGE

The new framework significantly expands the range of regulated activities and products. In The new regime consolidates and modernizes the statutory basis for regulating capital markets activities in the UAE and clarifies the scope of regulated activities and services. While many activities (such as brokerage, portfolio management, investment advisory and custody) were already regulated under the prior SCA framework, the new laws provide an updated federal footing and expressly capture certain areas; including the regulation of virtual assets where used for investment purposes, alongside enhanced supervisory and enforcement tools.



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Importantly, the regime may also apply where firms (including those operating from abroad) actively market to or solicit onshore UAE investors, subject to the DIFC/ADGM carve-outs and implementing regulations.

The CMA is also empowered to approve securities offerings and to suspend or require amendments where necessary to protect investors or ensure compliance with disclosure requirements.

### KEY INVESTOR PROTECTION ENHANCEMENTS

#### – Stronger Disclosure Standards

Issuers and market participants are subject to enhanced disclosure obligations. Any material information that may affect an investor's decision must be disclosed accurately and in accordance with applicable disclosure requirements. Directors, executive management, and advisers may be held liable for misleading statements or omissions, reinforcing accountability at the corporate level. The framework also clarifies responsibility for ongoing disclosure, with disclosure overseen by the CMA for unlisted securities and by the relevant market for listed securities.

#### – Segregation and Protection of Client Assets

Licensed entities must maintain appropriate safeguarding arrangements for client assets, including segregation and custody controls, with the objective of protecting client property and reducing commingling and misuse risk; the detailed client-asset protection mechanics (including treatment in stress or insolvency scenarios) are expected to be addressed further in implementing regulations and regulatory rules.



#### – Market Abuse and Insider Trading Controls

The regime strengthens market-integrity safeguards, including prohibitions on insider dealing and unlawful disclosure (tipping) of inside information. Additional trading restrictions (including issuer/insider dealing controls) may also apply under implementing regulations and applicable market rules.

As with most capital markets' frameworks, certain operational requirements will be set out in implementing regulations and market rulebooks



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## – Governance, Suitability, and Conflict Management

The CMA has the power to approve or reject appointments to boards and senior management of licensed entities and to impose fit-and-proper requirements. Licensed persons are required to identify, manage, and disclose conflicts of interest, particularly in transactions involving related parties or client funds.

## – Proactive Enforcement Powers

The CMA is equipped with broad enforcement and intervention powers, including the ability to impose sanctions, suspend or revoke licenses, appoint temporary managers, and suspend trading or delist securities where necessary to protect investors and preserve orderly markets.



## – Legal Certainty of Market Records

Market records relating to trading, clearing, settlement, and ownership of securities are recognized as legal evidence, providing greater certainty and protection for investors

## – Prospectus and Offering-document Accountability

The new regime reinforces the importance of accurate, complete and non-misleading disclosure in offering materials. In practice, this means that issuers and relevant responsible persons may face regulatory exposure where prospectuses or offering documents contain material misstatements or omissions, with the detailed liability standard, allocation of responsibility, and available defenses typically addressed through implementing regulations and market rulebooks.

## – Retail/Professional Segmentation and Conduct Standards

A key element of investor protection is how products are marketed and sold. The framework is expected to operate alongside conduct requirements that distinguish between retail and professional investors and impose heightened protections for retail clients, such as suitability/appropriateness assessments, fair marketing standards, and clearer disclosure of risks, fees and conflicts, particularly relevant for funds and structured or higher-risk products.





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### – Interaction with Overlapping Regimes (VARA, DIFC/ADGM)

The UAE remains a multi-regulator environment (including DFSA/FSRA in the financial free zones and VARA for certain virtual-asset activities in Dubai). The practical approach for firms will be to map activities by jurisdiction and client-base (onshore vs free-zone; retail vs professional) and comply with the applicable licensing/marketing requirements in each perimeter, with further guidance expected on areas of overlap.

### – Implementation Pathway

As with most capital-markets reforms, the decree-laws set the high-level framework, while many operational protections (client asset rules, financial promotions, product governance, market conduct, and enforcement procedures) are implemented through regulations, rulebooks and supervisory guidance. Firms should therefore monitor implementing regulations and transitional arrangements as the regime is rolled out.

## CONCLUSION

The introduction of Federal Decree-Laws No. 32 and 33 of 2025 marks a meaningful reset of the UAE's federal capital markets framework. Beyond institutional change, the reforms signal a clearer regulatory perimeter, stronger market-integrity expectations, and a greater emphasis on disclosure, governance and enforcement, each of which supports investor confidence. That said, many of the most "operational" protections will be shaped by implementing regulations and market rulebooks, particularly around conduct standards, financial promotions, client asset safeguarding and the treatment of new asset classes. Market participants should therefore treat this as the start of a phased transition: mapping activities and investor touchpoints, monitoring upcoming regulations, and aligning compliance programs early to ensure readiness as the regime is rolled out.

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