

# Beyond Compliance

The Baker Tilly UAE Quarterly Review



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As global challenges continue to evolve, the ability to respond with agility and clarity is essential. In this edition, we explore the UAE's approach to crisis management and the lessons it offers for sustainable growth.

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### Our values

- People first: we prioritize building relationships
- All in: we dedicate fully to every client
- Globally united: global reach, local expertise
- Leading with ambition: we set bold goals



Welcome to the first issue of Beyond Compliance. Where we are setting the standard across Advisory, Assurance, Tax and Technology in the region.



Guided by experience, we support our clients and partners with practical insight and informed decision-making. We at Baker Tilly UAE are building resilience and long-term strategic advantage.



# CEO's Strategic Outlook

## Launching our newsletter: UAE's mastery in crisis and disaster recovery management

It is with great pride that we present the inaugural edition of Baker Tilly UAE newsletter, as we bring our experts and guest articles to keep the business community ahead of the curve. In an era marked by unforeseen challenges, the ability to adapt and respond decisively has become the hallmark of successful organizations and nations alike.

The recent global crisis has tested communities everywhere, yet the United Arab Emirates has stood out as a model of resilience and strategic leadership. From the earliest days of uncertainty, the UAE's leaders acted swiftly, leveraging advanced technology, transparent communication, and robust safety protocols to protect both residents and the economy. This unwavering commitment has not only ensured the wellbeing and security of the nation but also fostered deep trust between leadership and the people.

**Saad Maniar**  
Chief Executive Officer  
Baker Tilly (UAE)

Through this newsletter, we aim to share knowledge, best practices, and inspiring stories from the UAE and beyond, empowering you to navigate uncertainty with confidence and strength.



## We are building Confidence in a Shifting Landscape

What makes the UAE exceptional is not only its visionary planning, but also the remarkable response of its residents, who united behind their leadership and adapted with resilience and hope. Their collective spirit, discipline, and solidarity have turned obstacles into opportunities, proving that trust and unity are powerful drivers of recovery. The UAE's proven mastery in implementing effective crisis strategies has shown the

world how challenges can be transformed into growth. The UAE leaders were seen in Dubai Mall freely moving and enjoying the hospitality, showcasing that our nation is safe. It was truly inspiring to see our leaders in action and leading by example. The nation's agile approach, from rapid decision-making to innovative solutions, inspires us all in crisis and disaster recovery management. UAE will continue to inspire and attract talent from across the globe.

**Drawing on these lessons, our firm remains committed to supporting you, our clients and partners with informed guidance and practical tools to enhance your own resilience.**



**Let us move forward together, learning from the UAE's example and building a future defined by preparedness, leadership, and collective resolve.**

# Global Network Insight



## Guest contribution



### Hafidh A. Thani

#### Managing Partner M&CO Legal

Hafidh has played a central role in shaping the UAE's legal and regulatory landscape. He was actively involved in the incorporation and policy development of free zones such as the Abu Dhabi Global Market (ADGM) and the Dubai International Financial Center (DIFC), helping to create structured frameworks that facilitate business setup, investor confidence, and regulatory compliance.

## Emotional Fall Down of Family Business: The Truth Advisors Avoid Acknowledging

We all, I strongly assume, agree that family businesses are a cornerstone of the GCC economy, contributing more than 60% of the region's GDP, particularly in the United Arab Emirates. Different laws and regulations have been introduced to ensure the sustainability of family businesses and their ability to pass the torch to the next generation.

Many family businesses in the region, and in the GCC in particular, operate with informal governance structures, which can result in a lack of clarity in decision-making processes. The liberalisation of GCC economies and the promotion of foreign direct investment (FDI) have increased competition from both regional and global players. This can further intensify internal conflicts as family businesses attempt to navigate evolving market dynamics.

In the UAE, family business governance is primarily influenced by various laws and regulations, including Federal Decree Law No. 32 of 2021 and its reforms introduced by Federal Decree Law No. 20 of 2025 (Commercial Companies Law - CCL). This

law governs the establishment and operation of companies in the UAE, including family businesses, and outlines requirements related to company structures, management, and shareholder rights.

For example, the introduction of Article 76 of the amended law allows companies to establish multiple classes of shares with different rights. The amended CCL also recognises non-profit companies through Article 8, which can be structured to support and enhance family business frameworks, particularly charitable organisations often associated with family enterprises.

Family businesses cannot be stabilised by governance frameworks alone, their emotional dynamics must also be understood and managed.

**Many family businesses in the GCC operate with informal governance structures, which creates uncertainty in decision-making and increases the risk of internal conflict.**

Therefore, not only does the CCL recognise the need for and importance of legal infrastructure, but the Personal Status Law in the UAE (and in most GCC countries) also plays a significant role in governing ownership and succession of family businesses. These laws address matters such as inheritance and marital issues, particularly for businesses owned by GCC nationals.

However, all these initiatives may not be effective without addressing the core issue of conflict within family business restructuring. Family businesses often face deadlocks due to a combination of emotional ties, differing expectations, and unclear roles, including the involvement of individuals who may not necessarily belong in the boardroom. In many cases, the emotional turmoil that business families endure is far greater than a simple issue of financial restructuring.

In my view, what family business advisors and consultants should do is avoid seeing family businesses merely as corporate structures requiring governance mapping or policy

frameworks. These may be tactical initiatives, but they cannot be the primary strategy when advising family businesses on stability and long-term progress.

One of the clichés we often express (intentionally or unintentionally) is that long-standing family businesses are unwilling to implement change or adapt to new market conditions. I believe this statement reflects a lack of understanding of family dynamics and the real needs of family businesses.

Industrial psychology may be what we need to promote within the GCC's family business environment. Emotional dynamics and personal relationships often complicate business decisions, leading to conflicts that are difficult to resolve.

Industrial-Organizational Psychology focuses on managing the work-family interface and aims to reduce conflict while fostering positive spillover between professional and domestic roles among family members. Therefore, family business advisors and consultants should equip their teams with specialised and trained industrial-organisational psychologists and treat family businesses as living systems that require both structural and emotional diagnosis.

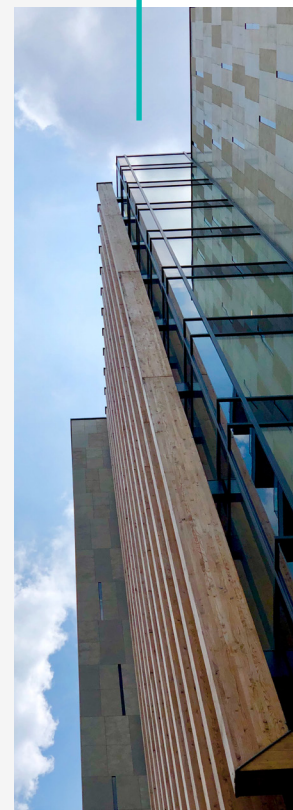
It is safe to say that a lack of positive communication is one of the main gaps that must be addressed when advising family businesses. Family members may have different ideas about the direction of the business, which can result in severe disagreements. Effective communication is

therefore essential, as it strengthens collaboration among family members and promotes trust within the workplace.

Developing leadership skills among family members also fosters accountability and ensures the achievement of the family's vision and aspirations. Unclear roles and responsibilities can lead to tension and conflict among family members. Similarly, inadequate succession planning may result in disputes regarding leadership and ownership, particularly when multiple heirs have differing ambitions.

Addressing these challenges typically requires effective communication, structured governance, and professional mediation when necessary. However, these solutions cannot be fully effective if family business advisors and consultants in the GCC are not equipped with an understanding of the cultural backgrounds of these families, as well as the ethical and social norms that often influence family dynamics and decision-making.

In summary, advisors and consultants must be trained to recognise and address the emotional and psychological dimensions of family businesses. We must acknowledge that no member of a family wishes to destroy their legacy or the wellbeing of their enterprise. Rather, it is often the result of unresolved emotional and psychological pressures that lead to conflict. Addressing these issues begins with us, as advisors and consultants, by understanding the human dimension behind every family business.





# News Roundup

Contributed by

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Baker Tilly UAE

**Amjad Rabani**  
Director  
Baker Tilly UAE

## **ADGM enhances real estate oversight with new digital services:**

ADGM's Registration Authority has introduced an expanded suite of digital real estate services designed to enhance transparency, efficiency, and investor protection across the ADGM jurisdiction. The new framework includes regulated procedures for off-plan agreement terminations, registration of reservation agreements, SMART valuations, and enhanced leasing and broker-related services - collectively strengthening operational clarity and supporting a more secure and responsive real estate ecosystem. These developments mark another step in ADGM's strategy to deliver a modern, trusted, and investor-friendly real estate environment following its expansion to Al Reem Island.

## **The DFSA implements major updates to crypto token regulatory framework:**

The Dubai Financial Services Authority (DFSA) has implemented significant enhancements to its Crypto Token Regulatory Framework, shifting to a firm led suitability assessment model and introducing strengthened safeguards to support a safer, more transparent digital assets ecosystem in the DIFC. The revised rules provide firms with clearer operational expectations across trading, custody, asset management, and advisory activities, marking a major step in aligning Dubai's crypto oversight with global best practice while supporting responsible innovation.



## **SAMA publishes draft rules for cash center operations:**

The Saudi Central Bank (SAMA) opened a public consultation on 17 February 2026 for its draft Rules Regulating Cash Center Management and Operation, issued through the National Competitiveness Center's Istilaa platform. The draft framework aimed to strengthen monetary stability and enhance financial sector resilience by setting out clearer operational standards, governance requirements, and compliance expectations for entities involved in cash handling activities. The 15 day consultation window has since passed, with SAMA expected to review the feedback as it progresses the development of the final rules.

## **QFC announces reciprocal data protection recognition with UAE financial centres:**

The Qatar Financial Centre (QFC) announced reciprocal data protection adequacy recognition with ADGM and DIFC, marking a significant step forward in strengthening cross border data flows across the region's leading financial centres. The decision follows a detailed assessment of each jurisdiction's data protection framework, regulatory oversight, and alignment with international standards, enabling smoother and lower risk data transfers for firms operating across these markets. This coordinated initiative enhances regional harmonisation, reduces compliance burdens, and reinforces the Gulf's position as a secure and innovation driven hub for digital business.

## **CBUAE announces world's first sovereign financial cloud:**

Central Bank of the UAE (CBUAE) announced the development of the world's first sovereign financial cloud services infrastructure, created in partnership with Core42 as part of the CBUAE's Financial Infrastructure Transformation programme. The new sovereign financial cloud ecosystem will provide a highly secure, centralised and isolated environment that enhances data sovereignty, strengthens cyber resilience and ensures uninterrupted access to critical financial services across the UAE's financial sector. Powered by advanced AI and analytics, the platform is designed to boost operational efficiency, support intelligent automation and enable licensed financial institutions to manage multi cloud environments seamlessly.

## **Kuwait issues five year public debt instruments via CBK:**

Central Bank of Kuwait announced the issuance of Treasury Bonds and Public Debt Tawarruq with a total value of KWD 150 million, issued on behalf of the Ministry of Finance. The instruments carry a five-year tenor and were allocated through a competitive auction at a uniform yield of 3.625%. This latest issuance forms part of Kuwait's ongoing public debt management strategy aimed at supporting fiscal stability and providing diversified investment options for the local market.

## **UAE Capital Markets reform**

The UAE has enacted Federal Decree-Law No. (32) of 2025 and Federal Decree-Law No. (33) of 2025, effective 1 January 2026, establishing a revised regulatory framework for the capital markets sector and formally renaming the Securities and Commodities Authority as the Capital Market Authority (CMA). The new framework strengthens the CMA's supervisory, prudential, and enforcement mandate, expands the scope of regulated financial activities, and enhances investor protection and market integrity. Key measures include regulation of the Investor Protection Fund and Settlement Guarantee Fund, enhanced oversight during exceptional market circumstances, the ability to enter into conciliation prior to criminal proceedings, and powers to designate systemically important persons and regulate early intervention and resolution mechanisms. Overall, the reforms significantly reinforce the CMA's authority and align the UAE capital markets regime with international best practices.

## **Company law amendments 2025**

Federal Decree-Law No. 20 of 2025 amends the UAE's Commercial Companies Law to enhance corporate flexibility and attractiveness, introducing multiple share classes and formalizing drag-along and tag-along rights to protect shareholders and facilitate transactions. It enables company registration transfers across emirates and free zones without liquidation, reduces lock-up periods for private joint-stock companies, harmonizes onshore and free zone regulations, sets standards for valuing in-kind contributions, permits legal form conversions without re-incorporation, and allows free zone companies to establish onshore branches, collectively improving legal certainty and operational flexibility in the UAE corporate sector.

The DFSA has enhanced its Crypto Token Framework to support a safer and more transparent digital assets ecosystem.



Regional financial centres are advancing cross-border data protection to enable smoother and lower-risk data flows.

# Governance On the Go

**Effective governance and internal audit are critical to ensuring compliance, reducing risk, and sustaining trust in a rapidly evolving regulatory landscape.**

During my recent travel, I had the opportunity to visit a lighthouse. The views from the top were stunning, and you could see the horizon as it became a clean, quiet line where the sky meets the water and everything felt possible. Interestingly, I imagined a

firm as a crew of sailors using ICFR as their ship to navigate through a foggy sea. Internal auditing would serve as the spotlight guiding the firm in the right direction and helping it avoid risks. Without internal auditing, a firm wouldn't know if its ICFR implementation is actually working as intended, emphasizing the importance of governance on the go.

Since the beginning of this year, the Capital Market Authority, formerly known as the SCA, has been putting in place regulations and mandates designed to adapt to the size and requirements of today's international markets.

One of the most effective ways in which firms ensure compliance is through Internal Control over Financial Reporting (ICFR), a collection of policies and activities that ensure the data presented has been reliably compiled, accurately depicted, and properly reported to the appropriate parties. Working directly at the client's premises allows auditors to gain first-hand insight into processes, behaviours, and documentation.

In a recent outreach we conducted at a client's premises, I stressed that documentation is the backbone of all review work. This was very well received, especially as any attempt at fraud is made more difficult due to the compulsory nature of ICFR. All Public Joint-Stock Companies are required to implement it to maintain a fair and equal playing field in the market.

The transition that the SCA underwent to become the current CMA brought macro-scale changes to how companies within and even outside the UAE operate. The adoption of ICFR has further highlighted the importance of internal audit functions, now more than ever. Governance on the go helps uncover inefficiencies, strengthen controls, reduce risk, and support continuous improvement.

Travel can be exciting as we explore new rhythms and new rules, giving us all a chance to reset. Similarly, the role of internal auditing has evolved to accommodate thorough observation of ICFR tools and controls, their efficiency, effectiveness, and areas that provide opportunities for improvement. Most importantly, it involves reviewing and identifying which deficiencies are most likely to result in a financial misstatement.



**Reefat Maniar**  
Partner  
Baker Tilly UAE

Unfortunately, common misconceptions can arise regarding the extent of governance and perceived authority that internal audit holds. These include:

- 01** Internal audit being either directly or indirectly involved in a firm's ICFR design, despite this constituting a conflict of interest.
- 02** Judging the effectiveness of tools based on management's desired results or selected criteria.
- 03** Owning a financial reporting process that differs from the regulations established by the authority body.

An internal audit function that proceeds with any of these approaches jeopardizes its credibility, governance, and independence, ultimately risking the goodwill and trust that the firm has built. These hypothetical situations demonstrate why establishing an audit committee is essential. Having an authority that verifies the department's observations is key to maintaining responsible practices, particularly as boards rely on internal audit assurance when approving financial statements.

It is important to remember that proper evaluation is vital in providing assurance to directors, senior management, and the audit committee. I have also observed how audit visits help reveal hidden risks that might otherwise go unnoticed.

The mandates introduced by the CMA have transformed internal audit from a supporting assurance function into a crucial pillar of a firm's financial structure. It is now a requirement not only to disclose observations on effectiveness, but also to outline remediation actions. Furthermore, coordination between internal and external auditors has become a baseline expectation. It is no coincidence that ICFR has been compared to the COSO framework, which was designed to achieve better operational efficiency and accurate financial reporting, as the regulations have been implemented to more closely align with international standards. Internal audit functions are therefore required to adapt to global governance expectations rather than settling for local compliance alone.

Another point that resonates, especially when travelling abroad, is how advanced the UAE is in terms of technology, automation, and artificial intelligence. Many of us in the workplace are expanding our skill sets and driving continuous auditing processes.



During this transitional period, staying informed is essential to ensure that your firm's credibility and compliance align with today's requirements. We invite you to connect with us to ensure your business is mandate-ready and future-proof for the evolving international market, unlocking new opportunities.



At Baker Tilly UAE, it is our commitment to guide companies striving to achieve financial adherence through tailored solutions, regulatory alignment, and practical methods, demonstrating our value-first approach.



# Intellectual Property in the UAE:

## Why Substance Now Defines Value

Intellectual property ("IP") has become one of the clearest indicators of where real value is created in a business. For DIFC-based groups, the UAE's evolving approach to IP is not about offering easy tax outcomes, but about reinforcing a simple message aligned with OECD BEPS: profits should follow people, activity and decision-making.

Globally, the BEPS reforms reshaped how IP is viewed. Legal ownership on its own is no longer enough. Instead, the focus is on where IP is developed, enhanced and actively managed. The UAE has embraced this shift early, positioning itself as a jurisdiction that rewards genuine innovation rather than passive ownership.

That direction was visible well before the introduction of UAE Corporate Tax ("CT"). The Economic Substance Regulations (ESR) required businesses involved in IP activities to demonstrate real operational presence in the UAE. Entities needed people, expenditure and decision-making capability onshore. Structures designed to hold IP without meaningful activity were, in practice, no longer viable.

The introduction of the UAE CT Law reinforced this position. IP income is now assessed through a commercial lens, with related party arrangements expected to align with the Arm's Length Principle.

For DIFC groups, this means royalty flows, cost sharing and profit allocation must reflect how IP is actually developed and used within the business, not just what the contracts say.

A central feature of the CT framework is the regime available to Qualifying Free Zone Persons ("QFZPs"), including specific treatment for Qualifying Intellectual Property ("QIP"). The scope of QIP is deliberately narrow. Patents and copyrighted software are included, while marketing intangibles such as brands and trademarks are excluded. This distinction echoes OECD BEPS principles and underscores the UAE's focus on technical innovation rather than brand driven income shifting.

In the UAE, IP value is no longer defined by ownership, but by real substance: people, activity and decision-making.



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Manager - Tax  
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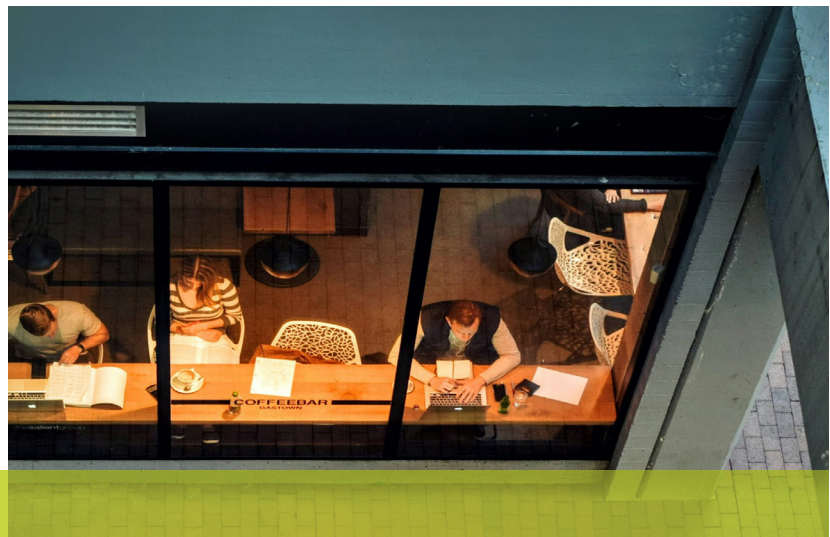
Importantly, access to the incentive is not automatic. The benefit is linked to a nexus-based approach, where the level of Qualifying Income depends on the extent of research and development activity carried out in the UAE. In other words, the tax outcome follows substance. The more real activity undertaken locally, the stronger the position.

For DFSA regulated firms, this is particularly relevant. Technology, platforms and internally developed software often sit at the core of regulated financial services businesses.

Where these assets drive profitability, groups must be comfortable explaining how income aligns with functions, people and governance in the UAE. While valuation is not the starting point, it often plays a supporting role in demonstrating that outcomes are commercially robust and arm's length.

The broader message is clear. The UAE's IP framework is not about reviving old IP holding models. It is about attracting businesses that build, innovate and decide in the UAE. For DIFC clients, aligning IP strategy with operational reality is no longer optional; it is a defining feature of a sustainable and credible tax position.

Legal ownership of IP alone is no longer sufficient; value is created where IP is developed, enhanced and actively managed.



Aligning IP strategy with operational reality is no longer optional; it defines a credible and sustainable tax position.



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# From Liquidity to Legacy:

## The Evolving Family Office-to-Fund Proposition



Liquidity is no longer just about exits, it is becoming a catalyst for structural evolution.

The scale of this shift is significant. Family office assets under management have grown from \$3.3 trillion in 2019 to \$5.5 trillion today, on a trajectory toward \$9.5 trillion by 2030. The Middle East is at the heart of this expansion. DIFC alone hosts more than 410 wealth and asset management firms, with 200 new family offices establishing operations there in 2024. The region's ultra-high-net-worth population is expected to grow by nearly 30% between 2023 and 2028, with regional family office assets projected to surpass \$500 billion in the coming years.

Liquidity events, IPOs, strategic sales, generational transitions, are unlocking significant pools of capital. Increasingly, families are choosing not simply to redeploy that capital into traditional portfolios, but to institutionalise their strategies through regulated fund structures that allow them to scale, attract aligned co-investors, and formalise governance.

Liquidity is taking on a new meaning in today's private markets landscape. For family offices, it is no longer simply about exit events or portfolio rebalancing. Increasingly, it is becoming a catalyst for structural evolution, prompting many families to move from passive allocators of capital to architects of investment platforms.

Guest contribution  
**Christiane El Habre**  
Regional Managing Director  
Middle East  
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Private equity now represents roughly 30% of family office allocations, up from 22% just two years ago, with alternatives accounting for more than half of total portfolios.

Yet moving from family office investor to fund sponsor introduces a different level of complexity. Launching a regulated investment vehicle requires institutional infrastructure: governance aligned to regulatory expectations, independent administration, compliance oversight, and investor reporting. The average annual operating cost of a single-family office managing \$1 billion or more is already around \$6 million. Building a scalable platform requires more. For many families, however, the trade-off is clear: platforms capable of attracting strategic partners and scaling across generations.

The most successful transitions begin with a genuine investment edge rooted in operating history: a real estate group launching a regional income platform, an industrial family backing mid-market private equity in sectors they know deeply. That authentic origin distinguishes a credible platform from a capital vehicle in search of a strategy. It is supported by institutional operating partners who provide governance and regulatory discipline, and grounded in a long-term capital philosophy: patient capital and generational continuity over short fundraising cycles.

This evolution is inseparable from generational change. Nearly \$84 trillion in wealth is expected to transfer between generations by 2045. For many families, building an investment platform is becoming part of succession planning itself,

creating frameworks that survive leadership transitions, align family branches, and integrate the next generation into structured decision-making. The shift from family office investor to platform builder is not simply about capital efficiency.

It is about continuity.

Liquidity may initiate the journey. But legacy, scalability, and institutional resilience will define the destination.



Liquidity may initiate the journey.  
But legacy, scalability, and  
institutional resilience define the  
destination.

# Baker Tilly International global results 2025

Global Ranking



8th

\$6.8bn

Worldwide network  
of accounting and  
advisory firms

2025 worldwide  
revenue (US\$)



50,400

People



754

Offices



147

Territories



**For Baker Tilly, 2026 promises to be another exciting year with more learning and experimentation into how we harness the power of technology to continue to give our clients the very best service."**

**Francesca Lagerberg**  
Chief Executive Officer



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