



# Risk management listing requirements (UAE)



KPMG. Make the Difference.

August 2025

**In today's rapidly evolving risk landscape, it is crucial for companies to adopt robust risk management practices that not only address current uncertainties but also anticipate future threats. Regulators across the globe have taken note of this shifting dynamic, emphasizing the importance of sound enterprise risk management (ERM) frameworks to enhance corporate governance and organizational resilience.**

The Securities and Commodities Authority (SCA) of the United Arab Emirates (UAE) is the primary regulator for listed entities in UAE. It has introduced a corporate governance code including principles of risk management, which is outlined in the Governance Code under the Chairman of Authority's Board of Directors' Decision No. (3/Chairman) of 2020 and further refined by the Decision No. (2/RM) of 2024 and 2025 circular, providing comprehensive regulatory requirements aimed at improving governance practices, transparency, and risk management.

To help businesses stay ahead, we focus on simplifying and clarifying key regulatory changes. Drawing on our extensive experience, we provide actionable implementation steps, outlining how regulations can be effectively adopted and offering practical guidance to ensure compliance. This document will support listed organizations align their ERM practices with the latest compliance requirements, ensuring they remain agile, compliant, and resilient in managing emerging risks.



## Summary of key SCA ERM regulations

### Article 14

#### Board obligations

2024 amendment (revision to the Governance Code 2020)

- The board is responsible for the risk management policy and its continuous review.
- The board should adopt a risk framework compliant with best practices (COSO).
- The board is responsible for entity wide risk appetite and tolerance.

### Article 63

#### Risk committee

Governance Code 2020

- The board may form a permanent committee responsible for risk management.
- The Risk Committee shall hold a meeting at least once every three months.

2024 amendment (additional provisions)

- The Risk Committee will consist of no less than three and no more than five non-executive board members.

### Article 67 (4) & (5)

#### Risk management officer

Governance Code 202

- The risk management officer functionally subordinates the risk committee and administratively subordinates the CEO
- The risk management officer is a part of the senior management of the company.
- The risk officer shall advise internal audit on risk management best practices.

### Article 67(1D) & 69(5)

#### Risk management independence

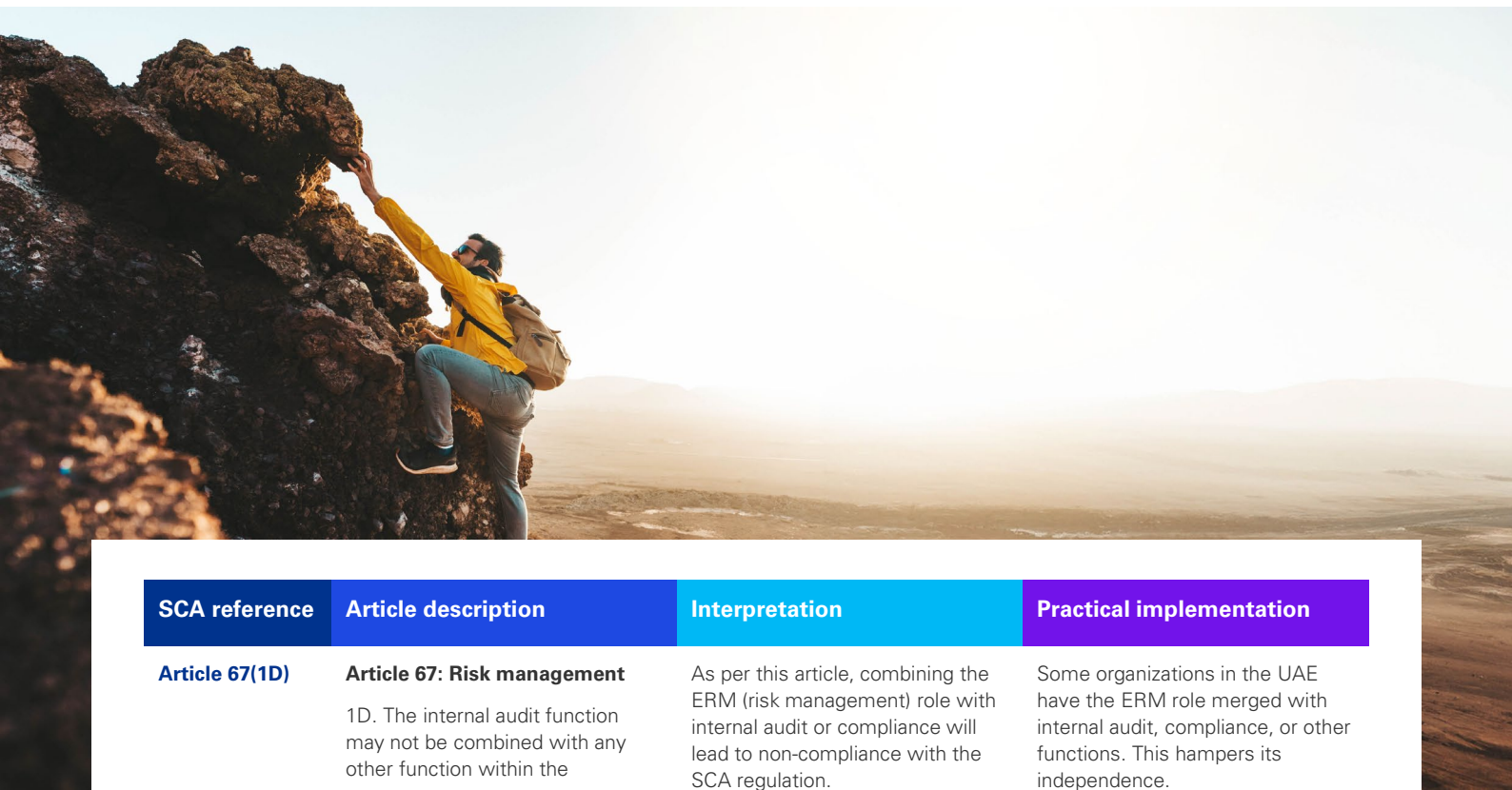
2024 amendment (New provisions)

- The internal audit function may not be combined with any other function.
- The role of compliance officer may not be combined with any other position within the company.

## UAE SCA requirements - key ERM regulations

SCA reference	Article description	Interpretation	Practical implementation
<b>Chapter 6, Article 63</b>	<p>First: The board of directors may form a permanent committee that will be responsible for risks. This committee shall consist of non-executive board members of no less than three and no more than five, and the members of that committee must have a sufficient level of knowledge of risks related to the company's activities. <b>(2024 amendment)</b></p> <p>Second: Functions of the risk committee (detailed set of activities specified in the regulation).</p> <p>Third: Risk committee meetings, the risk committee shall hold meeting at least once every three months. A meeting of the committee may be called for by its chairman or by any two of its members.</p>	<p>Article 63 uses the term "may" and hence the provisions related to the risk committee are optional in nature.</p>	<p>As per the SCA regulation, Article 63 is an optional provision. However, it is crucial for risk management elements to be overseen by a designated committee within the organization. This ensures that the company maintains robust corporate governance and effectively manages risks.</p> <p>The following approaches can be adopted to effectively implement risk management practices:</p> <p><b>Option 1-</b> We suggest organizations establish a board level risk committee to exclusively deal with risk management matters.</p> <p><b>Option 2-</b> Organizations can establish a board-level resilience committee to address organizational resilience comprehensively, including risk management.</p> <p><b>Option 3-</b> Board level audit and risk committee can be formed to oversee risk management activities in the organization.</p>
<b>Chapter 7, Article 67 (4), Article 67 (5) and Article 67 (6)</b>	<p>Article 67 (4): The risk management officer shall be responsible generally for developing and implementing a detailed risk management framework. It shall advise the internal auditing department on public governance and best practices in risk management industry to ensure effective risk management.</p> <p>Article 67 (5): Administrative subordination of risk management officer: The risk officer is a part of the senior management of the company and is functionally subordinates the risk committee and administratively subordinates the CEO.</p> <p>Article 67 (6): Skills and tasks of risk management officer (detailed out in the regulations).</p>	<p>Article 67: This article states that the risk management officer is responsible for developing and implementing a comprehensive risk management framework and risk management officer shall be a part of the senior management team with functional reporting to the risk committee and administrative reporting to the CEO.</p> <p>It is important to note that Article 67 is part of Chapter 7, which does not have any optional clauses, unlike Chapter 6 where Article 63 (Forming risk committee) is optional. Mere reference to risk committee in Chapter 7 does not reduce entire provisions in the chapter as optional. Therefore, compliance with the requirements in Chapter 7 in our view is mandatory under SCA regulations, regardless of the optional status of Chapter 6.</p>	<p>Some organizations in the UAE have assumed that Chapter 7 requirements are optional. This may lead to organizations not complying with SCA regulations.</p> <p>The risk officer should functionally report to the board level committee formed to oversee risk management activity.</p> <p>Very few organizations in the UAE have set up administrative reporting of the risk officer at CEO level. Most organizations combine the administrative reporting of the risk management officer with the CFO, compliance head, or other functional heads. Further, very few organizations in UAE have included a risk management officer in the executive leadership group.</p> <p>Listed entities in the UAE are required to bridge this gap and elevate the risk management officer role to ensure administrative reporting to the CEO and inclusion in the executive management group for compliance with the SCA regulation and enhanced corporate governance.</p>





SCA reference	Article description	Interpretation	Practical implementation
<b>Article 67(1D)</b>	<b>Article 67: Risk management</b>  1D. The internal audit function may not be combined with any other function within the company.	As per this article, combining the ERM (risk management) role with internal audit or compliance will lead to non-compliance with the SCA regulation.  Further, as per article 67(4), the risk management officer role is defined, and the RM officer shall be responsible for performing risk management tasks. Hence, the ERM role should not be merged with any other function to comply with SCA regulations, this will also enhance independence.	Some organizations in the UAE have the ERM role merged with internal audit, compliance, or other functions. This hampers its independence.  Organizations without a separate ERM department should initiate forming a new department under the CEO office to exclusively perform risk management activities.
<b>Article 69(5)</b>	<b>Article 69: Compliance officer</b>  5. The position of compliance officer may not be combined with any other position within the company  <i>(2024 amendment)</i>		

<b>Article 14</b>	<p>The duties and obligations of the company's board of directors are determined by its bylaws, and the board of directors is committed to the following:</p> <p>2B. Risk management policy and its continuous review <b>(2024 amendment)</b></p> <p>7. Developing and adopting an internal control framework and risk management framework suitable for the company's operations and compliant with international practices (COSO Framework), ensuring its application.</p> <p>Enabling the auditor to express an opinion on the effectiveness of internal control and risk management systems. <b>(2025 circular clarification)</b></p> <p>23. Determining the extent of the company-wide risk appetite, including specific targets, maximum limits, or indicators of risk appetite</p>	<p>The board is responsible for determining risk appetite/tolerance and continuously reviewing the RM policy.</p> <p>As per Article 14 (7), the board shall approve the internal control and risk management framework as per global practices. The 2025 circular clarification requires organizations to be compliant with the COSO Framework.</p>	<p>As per the Article 14, listed entities require board to approve risk management policy framework, as well as risk appetite statements including tolerances. Hence, all listed entities should ensure approval from the board to comply with SCA regulations.</p> <p>Further, organizations shall develop and implement the risk management framework in line with the COSO Framework.</p>
-------------------	---	---	--

## How KPMG can help organizations align with SCA Regulations

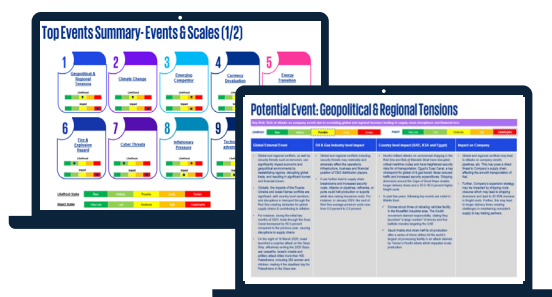
### Horizon Scanning Report

#### Value proposition

The Horizon Scanning Report is a risk intelligence source providing detailed external market scanning to identify key events impacting business objectives.

#### Alignment with COSO ERM principle

- Principle 6: Analyzes business context
- Principle 17: Assess substantial change



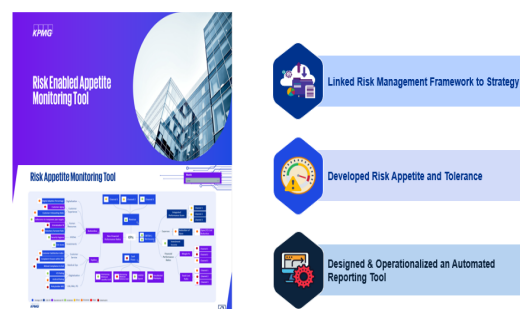
### Risk Appetite Monitoring Tool

#### Value proposition

The Risk Appetite Monitoring tool integrates risk management with a performance centric approach, for managing performance variability within acceptable limits.

#### Alignment with COSO ERM principle

- Principle 7: Defines risk appetite
- Principle 9: Formulate business objectives



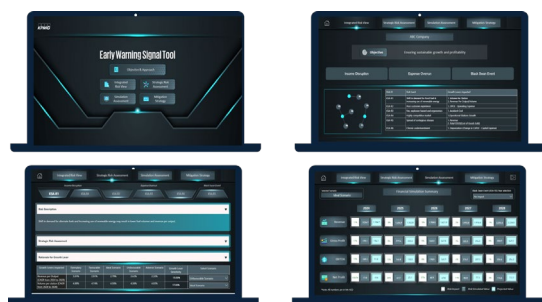
### Early Warning System

#### Value proposition

The Early Warning System tool is a risk impact modelling tool with ability to run simulation, stress testing and scenarios to arrive at risk adjusted financial and non-financial performance.

#### Alignment with COSO ERM principle

- Principle 11: Assess severity of risk
- Principle 14: Develop portfolio view



### Risk Management Dashboards

#### Value proposition

Risk Management Dashboards transform large risk data sets into Intelligent, dynamic and interactive dashboards for ongoing monitoring and reporting of risks.

#### Alignment with COSO ERM principle

- Principle 18: leverages information and technology



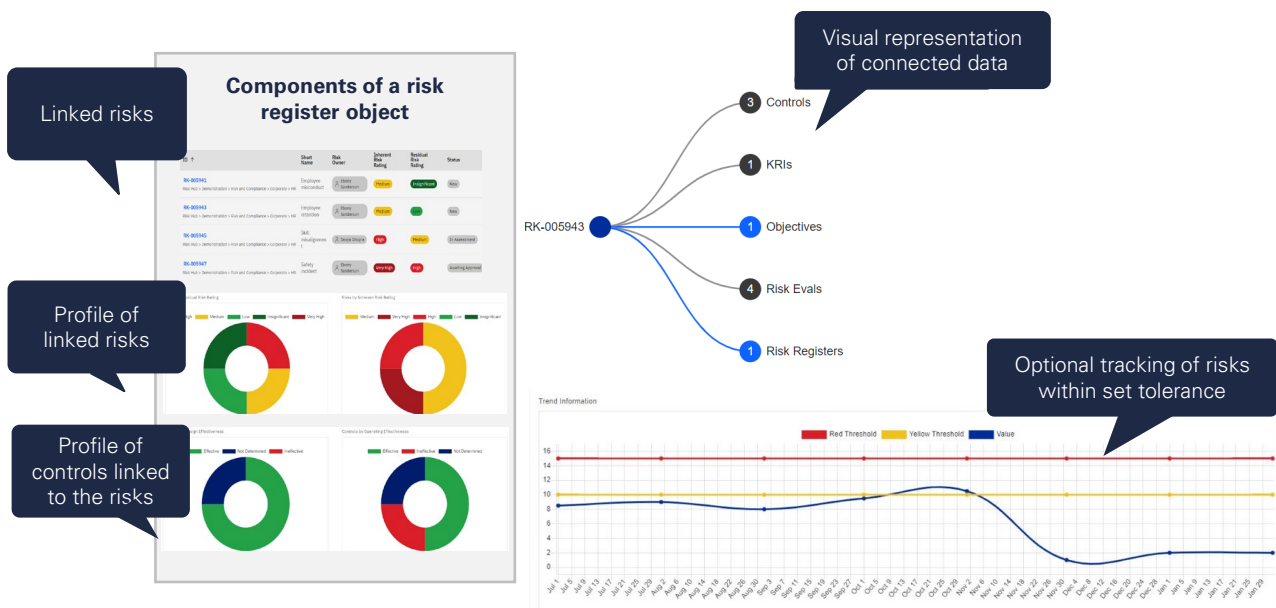
## Risk Hub Solution

### Value proposition

KPMG Risk Hub is designed to provide an integrated, real-time, holistic view of governance, risk, and compliance (GRC) across every level of business, all in a single platform.

### Alignment with COSO ERM principle

Principle 18: Leverages information and technology





# Contact us



## Sudhir Arvind

Partner  
Governance, Risk and Compliance Services  
[sarvind@kpmg.com](mailto:sarvind@kpmg.com)



## Mahendra Khiani

Director  
Governance, Risk and Compliance Services  
[mkhiani@kpmg.com](mailto:mkhiani@kpmg.com)

[kpmg.com/ae](https://kpmg.com/ae)  
[kpmg.com/om](https://kpmg.com/om)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG Middle East LLP, a Jersey limited liability partnership, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Publication name: Risk management listing requirements (UAE)  
Publication number: 5620  
Publication date: August 2025