

**Chairman of the Authority's Board of Directors' Resolution No. (16/Chairman) of 2025 concerning the Regulation and Evaluation of Goodwill in Public Joint-stock Companies**

**The Chairman of the Securities and Commodities Authority'  
Board of Directors,**

Having perused:

Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market, as amended;

Federal Decree- Law No. (32) of 2021 on Commercial Companies;

Cabinet Resolution No. (13) of 2000 concerning the Regulation as to the Functioning of the Securities & Commodities Authority, as amended;

Cabinet Resolution No. (51/2 Cabinet) of 2025 Concerning the Restructuring of the Board of Directors of the Securities and Commodities Authority;

Chairman of the Authority's Board of Directors' Resolution No. (18/Chairman) of 2017 Concerning the Rules of Acquisition and Merger of Public Shareholding Companies;

Chairman of the Authority's Board of Directors' Resolution No. (3/Chairman) of 2020 Concerning Approval of Joint Stock Companies Governance Guide, as amended;

Chairman of the Authority's Board of Directors' Resolution No. (01) of 2022 Concerning the Regulations for Special Purpose Acquisition Companies; and

The approval of the Board of Directors at its 3<sup>rd</sup> meeting of the 9<sup>th</sup> round, held on 26/06/2025.

And as required for the public interest.

**Has decided:**

### Article (1)

#### Objectives of the Resolution

This resolution aims to establish a comprehensive regulatory framework for regulating goodwill in public joint-stock companies, ensuring the following:

1. Public joint-stock companies comply with the requirements for recording and properly evaluating goodwill in accordance with relevant international accounting standards.
2. Establishing clear bases for the requirements for recording and evaluating goodwill, to assist the boards of public joint-stock companies, their audit committees, and external auditors in fulfilling their obligations, such as providing disclosures and auditing goodwill valuations and other goodwill-related obligations.
3. Providing the necessary level of disclosure and transparency to investors in relation to the factors that constitute goodwill in the business combination of a public joint-stock company, to assist them in making appropriate investment decisions.

### Article (2)

#### Goodwill

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The goodwill referred to in this resolution means one of the intangible assets that is recorded and reported in the financial statements of a public joint-stock company in accordance with international accounting standards.

### Article (3)

#### Scope of Application

The provisions of this resolution shall apply to:

1. A listed local public joint-stock company whose intangible assets include goodwill.
2. Valuations of the assets of a listed local public joint-stock company targeted for acquisition or involved in a merger, whose intangible assets include goodwill.

### Article (4)

#### General Provisions

1. A public joint-stock company shall ensure that the goodwill acquired in a business combination is appropriately recognized in accordance with relevant International Financial Reporting Standards, the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) for companies that comply with the provisions of Islamic Sharia and the relevant international standards on sustainability for companies affected by risks associated with climate change, and any amendments or additions to those standards.

2. A public joint stock company is committed to including in the footnotes supplementing the financial statements a special disclosure of the value of the recognized goodwill, the factors that constitute it, and changes that occurred in the value compared to the last disclosure related to it, so that the disclosure includes a qualitative description of the factors in the business combination and the expected benefits of goodwill that meet the needs of investors when evaluating the quality of the business combination to make any investment decision specific to the company, such as (cases of acquisition, merger, or trading in the company's securities).
3. The value of goodwill disclosed by the public joint stock company shall not include the impact resulting from future restructuring processes or improving or enhancing the performance of assets.
4. This resolution shall not represent a comprehensive list of the requirements for goodwill and its evaluation. The public joint stock company is committed to the requirements contained in the relevant international accounting standards in addition to the provisions and obligations contained in the provisions of this decision.

## Article (5)

### Goodwill Impairment Tests

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A public joint stock company shall annually conduct a goodwill impairment test or when there are indicators of goodwill impairment, provided that it adheres to the following:

1. Develop and implement effective internal controls to test goodwill impairment, including appropriate internal controls and appropriate procedures to identify and evaluate the estimates and assumptions used and principles for measuring the impairment in value, which are reviewed and updated periodically.
2. Ensure the availability of sufficient expertise to conduct the test and seek the assistance of specialists - if necessary - whether by hiring an expert or contracting with a specialized external party, provided that the company develops appropriate controls on the basis of which their work is evaluated, provided that the external party is independent of the company and has no interest or relationship with it or with any of the members of its board or executive management.
3. Observe the principle of neutrality when setting the assumptions used in the test.
4. Rely on the latest data when setting the assumptions used in the test.
5. Use reasonable and supportable assumptions that represent the executive management's best estimate of the range of economic conditions over the remaining productive life of the goodwill.

6. Provide sufficient and reasonable evidence (internal and external) to support and prove that the company has made appropriate judgments and estimates when setting the used assumptions, provided that external evidences supporting those assumptions are submitted.
7. Develop indicators for impairment, provided that those indicators are measured periodically (at the end of each reporting period).
8. Conduct a comprehensive review of internal and external sources of information to support the judgments made in determining whether indicators of impairment exist.
9. Exercise great care in determining the assumptions used in the impairment test if indicators of impairment are proven.
10. Ensure consistency between the assumptions used in the test and the disclosures made by the company, and disclose the reasons for discrepancies (if any) in the footnotes to the financial statements.
11. Exercise due care when assessing the impact of sustainability risks and climate-related risks, where applicable, on the assumptions used in the impairment test, provided that the impact of those risks is included in the disclosure of the sensitivity analysis.
12. Disclose, in the footnotes to the financial statements, the tests that showed an impairment of the value of the cash-generating



unit (s) to which goodwill was allocated and demonstrate the main assumptions relied upon in those tests.

13. Include in the disclosure of the impairment test the company's previous experience in conducting tests, external sources of information, market and economic factors, and other developments or uncertainties specific to the company. If the company did not use previous experience when setting assumptions or used different external information, the company shall disclose the reasons for this. In all cases, the company shall describe the main assumptions that reflect the current macroeconomic scenario.

14. Include in the disclosure of the sensitivity analysis the main assumptions and a statement of the assumptions that affect the recoverable amount of the cash generating unit (s).

15. Keep the documents and information related to the goodwill impairment tests, and not lose them, misplace them, or expose them to any violation for a period of no less than (10) years with regard to each statement or information, and keep backup copies of that data and information during the same period, which shall be immediately available upon request by the Authority.

## Article (6)

### Special Provisions for Companies Licensed by the Central Bank

Public joint-stock companies licensed by the Central Bank of the UAE shall comply with any regulations, decisions, controls, or instructions issued by the Central Bank regarding the regulation

and evaluation of goodwill. In the event of a conflict between the Central Bank's requirements and any provisions of this resolution, the Central Bank's requirements shall apply to these companies.

### Article (7)

#### Administrative Penalties

The administrative penalties stipulated in the Cabinet Resolution issued in implementation of Federal Decree-Law No. (32) of 2021 on Commercial Companies shall apply to any violation of the provisions of this Resolution, without prejudice to any other more severe penalties stipulated in applicable laws or regulations.

### Article (8)

#### Effectiveness

This resolution shall be published in the Official Gazette and shall come into effect three (3) months after the date of its issuance.

**Mohamed Ali Al Shorafa Al Hammadi**

**Chairman of the Board of Directors**

Issued in Abu Dhabi on 21/07/2025





هيئة الأوراق المالية والسلع  
SECURITIES & COMMODITIES AUTHORITY



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