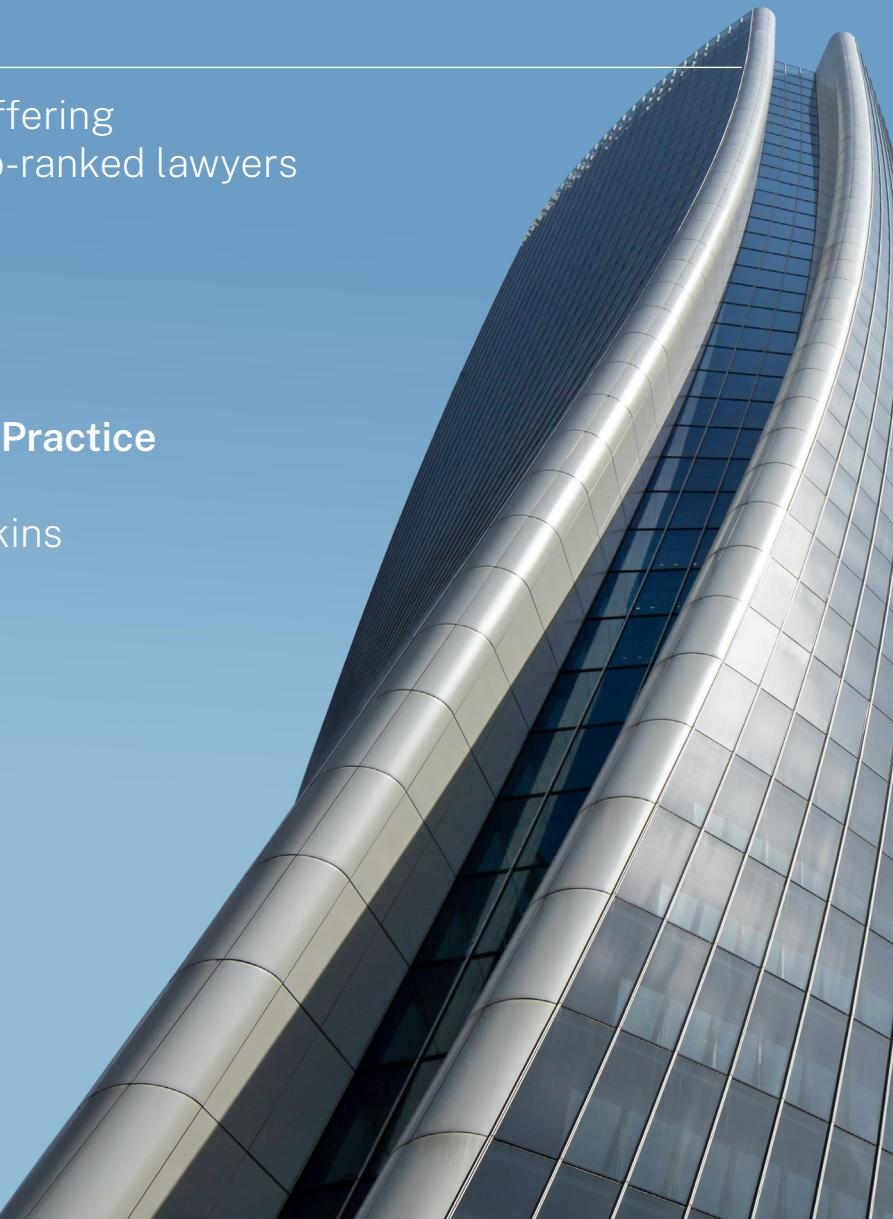

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United Arab Emirates: Law & Practice and Trends & Developments

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UNITED ARAB EMIRATES

Law and Practice

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Hadef & Partners LLC has a long-standing presence in the UAE, celebrating 45 years of practice in the UAE in 2025, and is regarded as having a deep understanding of the region's business and legal environment. Across its Abu Dhabi and Dubai offices, the firm has one of the largest corporate and commercial service offerings in the region, covering all aspects of corporate, licensing, structuring, regulatory and general transactional work including inward investment, mergers and acquisitions, private equity and venture

capital, joint ventures and initial public offerings. The firm has recently advised Multiply Group PJSC on its multi-billion-dollar acquisition of the Two Point Zero Group and Ghitha Holding PJSC to form a total group asset base of over AED121 billion as at the date of publication. The firm has also recently advised on several recent IPO and ADX listings, including NMDC Energy PJSC, Phoenix Group PLC and Pure Health Holding PJSC.

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1. Legal System and Regulatory Framework

1.1 Legal System

The legal system in the UAE depends on the jurisdiction in which a business operates but can broadly be divided into two categories: mainland and free zones.

The mainland regime follows a civil law system. The primary law governing mainland companies is Federal Decree-Law No 32 of 2021 on Commercial Companies (CCL), which was recently amended by Federal Decree-Law No 20 of 2025 (the “2025 CCL Amendment Law”). Unless exempted, the CCL applies to all commercial companies established in the UAE, foreign companies operating in the UAE or establishing a head office, branch or representative office in the UAE, and branches or representative offices of companies established in free zones and financial free zones that operate outside that zone and within the UAE.

There are many free zones in the UAE and the legal framework in each free zone varies depending on whether the free zone is a financial free zone or not and the regulations established by the relevant free zone authority. By virtue of the UAE Constitution, the financial free zones in the UAE (currently, the Abu Dhabi Global Market (ADGM) and the Dubai International Financial Centre (DIFC)) are subject to all federal laws other than federal civil and commercial laws.

This enables financial free zones in the UAE to adopt their own civil and commercial laws. The ADGM has adopted the English common law system, while the DIFC has adopted a legal and regulatory framework based on the common law principles of English law. Accordingly, the CCL does not apply to companies incorporated and operating in the ADGM or the DIFC as each of these zones has their own company law and regulations.

Non-financial free zones in the UAE are subject to the UAE federal legal system supplemented by the relevant free zone regulations. However, the CCL does not apply to companies incorporated in these free zones where there is a special provision stipulated to this effect in the laws and regulations of the relevant free zone. For example, in the Jebel Ali Free Zone (“Jafza”),

the application of the CCL is expressly excluded but the registrar may apply certain provisions of the CCL where the Jafza regulations are silent on a certain matter.

1.2 Regulatory Framework for FDI

If a foreign investor is looking to establish a company in the UAE, it must obtain a licence for the company from the relevant federal and/or emirate-level authority (for a mainland company) or the relevant free zone authority (for a free zone company) to carry on its proposed commercial activities. Through the commercial licensing regime, there may be restrictions on the sorts of activities that a foreign investor can engage in.

Mainland Companies

Historically, foreign investors could only own up to 49% of a UAE mainland company, subject to limited exceptions. At least 51% of the shares had to be owned by one or more UAE nationals, or a company which was itself wholly owned by one or more UAE nationals.

Since 2 January 2022, the CCL has permitted 100% foreign ownership of mainland companies, with exceptions for activities with a strategic impact. This enables foreign investors to establish a local presence in the UAE and to operate in the UAE (outside the free zones) while retaining control of the business.

The Departments of Economic Development (DED) of each emirate identify the commercial activities which foreign investors, whether natural or legal, are permitted to conduct in their respective emirate in the UAE.

Foreign investors are not permitted, pursuant to Cabinet Decision No 55 of 2021, to engage in activities with a strategic impact in the UAE unless approved to do so by the relevant federal authority concerned with regulating the activity with a strategic impact. Activities with a strategic impact are as follows:

- security, defence and military activities;
- banks, exchange houses, finance companies and insurance;
- currency printing;
- telecommunications;
- pilgrimage (Hajj) and Umra services;

- Quran centres; and
- services related to fisheries.

There are also restrictions on the ownership of real property in certain designated areas according to the relevant property law.

Free Zone Companies

Free zones are specially designated areas in the UAE established to attract foreign investment by encouraging companies to set up businesses and locate their operations there. Accordingly, the ability for 100% foreign ownership in free zones has historically been one of the key features of free zones. Free zones have therefore been the primary forum in which foreign investors conduct commercial activities in the UAE.

While the activities for a company incorporated in a free zone are generally restricted to permitted business activities within that free zone as per the law establishing the free zone and its authority, recent changes have begun to blur this distinction. Notably, pursuant to Dubai Executive Council Decision No 11/2025 Concerning the Regulation of Free Zone Entities' Operation of Their Activities Within the Emirate of Dubai, which came into effect in March 2025, certain companies registered in Dubai's free zones may now operate on the Dubai mainland by obtaining a licence from the Dubai Department of Economy and Tourism. Furthermore, the 2025 CCL Amendment Law has also clarified that free zone companies can operate outside the boundaries of that zone within the UAE through the establishment of a mainland branch or representative office.

Sector-Specific

Depending on the nature of the business activity, an authority that regulates the activity (other than the licensing authority) may require a certain minimum percentage of UAE shareholding such as the Central Bank of the UAE (CBUAE) which requires, pursuant to Article 71 (1) of Federal Decree-Law No 6 of 2025 Concerning the Central Bank and the Regulation of Financial Institutions, Activities and Insurance Business, a minimum of 60% UAE shareholding in banks incorporated in the UAE mainland.

2. Recent Developments and Market Trends

2.1 Current Economic, Political and Business Climate

The UAE has witnessed a significant influx of financial institutions and high net worth individuals relocating their operations to the region. According to the World Investment Report 2025 by the United Nations Conference on Trade and Development, the UAE ranked second globally after the United States in the number of greenfield foreign direct investment (FDI) announcements in 2024. This growth has been supported by the UAE's efforts to diversify and modernise its economy including the approval of the National Investment Strategy 2031 in March 2025, which aims to more than double FDI from AED112 billion in 2023 to AED240 billion by 2031. Foreign ownership reforms have enabled foreigners to own and control mainland entities which can operate across the UAE (outside the free zones) albeit certain activities require a minimum UAE shareholding.

The UAE has also implemented measures that supported the removal of the UAE from enhanced monitoring under the Financial Action Task Force (FATF), the global money laundering and terrorist financing watchdog, on 23 February 2024. The UAE is to prepare for the FATF's fifth round of mutual evaluations, which is expected to begin in 2026.

The UAE introduced a federal corporate tax regime applicable to juridical persons and certain individuals who conduct a business activity in the UAE (other than exempt persons) for tax periods starting on or after 1 June 2023. The first corporate tax filings were due in September 2025. It will therefore be interesting to observe the impact the introduction of a corporate tax regime has on foreign investment in the UAE and the way businesses are structured moving forward.

3. Mergers and Acquisitions

3.1 Transaction Structures

In the UAE, the structure for a merger and acquisition (M&A) involving a UAE target will typically be driven by factors such as the corporate structure of the target

entity (ie, mainland or free zone), the subject matter of the proposed transaction (ie, shares or business assets) and the commercial objectives of the parties.

M&A activity in the UAE continues to be mostly comprised of private share sale transactions, driven by sovereign wealth funds, family offices and strategic corporate acquirers. While the nation's capital markets have seen unprecedented growth in IPO activity over recent years, this has not fundamentally shifted the M&A landscape. Public M&A, particularly hostile takeovers, remain rare due to the concentrated ownership structures of many listed companies.

3.2 Regulation of Domestic M&A Transactions

M&A transactions involving private UAE company targets (whether mainland or free zone) primarily need to comply with the governing documents and applicable regulations for the target entity, which may involve board and/or shareholder approval. If the transaction involves a change of control or change of management, the transfer of encumbered shares or assets, or the transfer of regulatory licences, approvals or notifications may also need to be sought by the target from certain third parties.

For mainland targets, if the buyer is a foreign entity, the relevant DED will typically require notarised and legalised copies (in Arabic) of the buyer's constitutional documents, and the power of attorney authorising representatives of the buyer to sign the relevant transaction documents. The share/asset sale/purchase agreement must also be notarised by a notary public or a contracts authenticator.

For a share transfer, the approval of the relevant DED or free zone authority is typically required. Depending on the transaction, further regulatory approvals may also be required such as from the Minister of Economy (the "Minister") (see **6. Antitrust/Competition**), the municipality in the relevant emirate, the CBUAE or the relevant financial regulator.

Acquisition

Free zone

The specific requirements for an acquisition of a UAE target incorporated in a free zone will vary depending

on which free zone the target company is incorporated and operating in.

Mainland (private)

In addition to the general consideration set out above, if the target entity is a private joint stock company, there are specific requirements to be satisfied in relation to an acquisition, including Article 266 of the CCL, which only permits a transfer after the balance sheet and profit and loss statement for at least one fiscal year since the registration of the company in the commercial register has been published, unless the transfer is, for example, to another shareholder or the private joint stock company has offered its shares for private subscription and its shares are listed on a financial market in the UAE.

Mainland (public)

Any acquisition of shares that will result in a party directly, or indirectly as part of a related party group, holding or increasing their holding to 30% or more of the shares in a public joint stock company incorporated in the UAE, whose shares have been offered for public subscription or have been listed on one of the financial markets in the UAE, must comply with the conditions and procedures issued by the Securities and Commodities Authority (SCA) under Decision of the Chairman of the SCA Board No 18/RM of 2017 Concerning the Rules of Acquisition and Merger of Public Shareholding Companies and SCA Administrative Resolution No 62/RT of 2017 on Technical Requirements for the Acquisition and Merger Regime (collectively, the "SCA M&A Rules").

Merger

Free zone

The specific requirements for a merger with or between UAE companies incorporated in a free zone will vary depending on which free zone the UAE merging companies are incorporated and operating in.

Mainland

A merger involving onshore companies must comply with Chapter 2 (Merger) of Title 7 (Conversion, Merger, and Acquisition of Companies) of the CCL. Where the companies are private joint stock companies, the merger is also subject to Ministerial Decision No 137 of 2024 on the Regulation of the Registrar's Work,

Controls of Private Joint Stock Companies and the Rules of Governance (the “MOE Merger and Governance Rules”). If the companies are public joint stock companies (PJSCs), the merger is also subject to the SCA M&A Rules. Additionally, if one of the companies involved in the merger is licensed by the CBUAE, the merger will also be subject to additional requirements as set out by the CBUAE.

4. Corporate Governance and Disclosure/Reporting

4.1 Corporate Governance Framework

Mainland

For mainland companies the key corporate governance rules and requirements are set out in the CCL.

The Minister may also issue decisions regulating the governance for companies other than PJSCs, such as the MOE Merger and Governance Rules which apply to private joint stock companies.

For PJSCs listed in the UAE, the SCA Board of Directors have issued corporate governance rules under Decision of the Chairman of the SCA Board No 03/RM of 2020 Concerning Approval of Joint Stock Companies Governance Guide (the “Governance Guide”) to regulate PJSCs in the UAE. The principles and objectives of the corporate governance rules are centred around the pillars of accountability, fairness, disclosure, transparency and responsibility.

The Governance Guide covers concepts such as board composition, directors’ duties, management of conflicts of interest and related parties, shareholder rights, risk management, compliance and audit, and disclosure obligations. However, the Governance Guide does not apply to foreign companies listed in the UAE, financial free zone companies or free zone companies.

Free Zones

The specific governance rules applicable to a free zone company will vary depending on the free zone in which the company is incorporated and operating in.

Sector-Specific

Companies operating in certain industries may also be subject to additional governance requirements. For example, banks and other financial institutions licensed by the CBUAE must also comply with any governance regulations or rules issued by the CBUAE, including Central Bank Circular No 83 of 2019 on the Corporate Governance Regulation for Banks and the underlying standards issued pursuant to that Circular, which aim to ensure the soundness of banks in the UAE and contribute to financial stability and consumer protection.

4.2 Relationship Between Companies and Minority Investors

Alongside statutory minority shareholder protections, the rights of minority shareholders tend to be protected through shareholder agreements, which may include board rights and a list of reserved matters which require the minority shareholders’ consent, and in the memorandum and articles of association.

Mainland

For mainland LLCs, some of the statutory minority shareholder protections in the CCL include pre-emptive rights on the transfer of shares to third parties, the right for a partner holding at least 10% of the share capital to request the manager to call a general assembly and the requirement for any amendment to the share capital of an LLC or its memorandum of association to be approved by partners holding at least 75% of the shares represented in a general meeting (noting general meetings require a quorum of partners holding at least 50% of the shares, unless the memorandum of association specifies a higher percentage).

The CCL, by virtue of the 2025 CCL Amendment Law, now permits the inclusion of tag-along and drag-along clauses in the memorandum or articles of association for limited liability companies and private joint stock companies.

For mainland PJSCs, some of the statutory minority shareholder protections in the CCL include the following:

- Shareholders having pre-emptive rights on the issue of new shares, which cannot be altered by the company's governing documents (Article 199).
- Shareholders holding at least 5% of the share capital have the right to:
 - (a) submit an application to the SCA (or the competent authority) where the concerned shareholder(s) deem that the company's affairs are or have been conducted in a manner detrimental to the interests of the company's shareholders or some of them, or that the company intends to perform an act or to omit an act in such a way that would be prejudicial to its shareholders (Article 164);
 - (b) request to list certain topics on the agenda of the general assembly (Article 182 (2)); and
 - (c) request the SCA to issue a decision to stay decisions passed by the general assembly of the company which are to the detriment of the shareholders or in favour of a certain class of shareholders or which bring a special benefit to the board members or others (Article 193).
- Shareholders holding at least 10% of the share capital have the right to:
 - (a) request the board of directors to call a general assembly (Article 176 (1)); and
 - (b) request the Minister (for LLCs) or the SCA (for PJSCs) to order an inspection of the company in respect of serious breaches attributed to the board members or the auditors upon performing their duties provided for in the CCL or the company's memorandum or articles of association where there are reasons that suggest the occurrence of such violations (Article 342).

For PJSCs listed in the UAE, the Governance Guide also provides, for example, shareholders holding at least 5% of the share capital with the right to review the company records and documents relating to related party transactions and to file a lawsuit before the competent court to cancel the related party transaction.

Free Zones

The specific protection available for minority shareholders in a free zone company will vary depending on the free zone in which the company is incorporated and operating. For example, for ADGM entities, the

Companies Regulations 2020 provide pre-emptive rights on issues of shares subject to certain exceptions, exclusions and disapplication provisions (Article 520), certain matters (ie, amending the articles of association, share rights or share capital) to be resolved by a special resolution (ie, at least 75% of the voting share capital), and the right for shareholders holding:

- at least 5% of the share capital to require the directors to call a general meeting (Article 320 (2));
- at least 10% of the share capital to require the company to obtain an audit of its accounts for a financial year where the company is not otherwise required to undertake an audit (Article 448); and
- at least 15% of the class of shares in question to apply to the court to have a variation to the rights of that class cancelled.

4.3 Disclosure and Reporting Obligations

There are no specific disclosure obligations for FDI in the UAE. However, general disclosure requirements apply to all persons making, holding or disposing of shares in companies.

Private Companies

In the case of private companies, as mentioned in **3.2 Regulation of Domestic M&A Transactions**, any transfer of shares has to be lodged by the company with the relevant DED or free zone authority. The information required in such lodgement (including the new shareholder's identity and shareholding) will be reflected, for example, in the company's commercial licence (for mainland companies) and in the public electronic register (for financial free zone companies, unless exempted).

Listed Companies

In the case of any shareholding in a UAE company (mainland or free zone) listed on a main stock market in the UAE, there are additional disclosure and reporting obligations pursuant to the relevant market rules and, in the context of the ADX and DFM, the decisions of the SCA. For example, under Decision of the Chairman of the SCA Board No 3 of 2000 on the Disclosure and Transparency Regulation (as amended), a natural or legal person must notify the relevant market immediately upon holding 5% or more of the company's

shares listed on the relevant main market, or 10% or more of the shares of a parent company, subsidiary, sister company or allied company listed on the relevant main market, and each subsequent 1% change to that holding.

5. Capital Markets

5.1 Capital Markets Overview

Companies can access funding and financing through capital markets and bank financing.

There are three main equity securities exchanges in the UAE:

- the Abu Dhabi Securities Exchange (ADX), which is based in Abu Dhabi and is primarily regulated by the SCA;
- the Dubai Financial Market (DFM), which is based in Dubai and is primarily regulated by the SCA; and
- the NASDAQ Dubai (NASDAQD), which is based in the DIFC and regulated by the Dubai Financial Services Authority (DFSA).

The ADX and the DFM are the primary exchanges for the IPO of companies registered in Abu Dhabi (whether inside or outside the free zones of Abu Dhabi) and in Dubai (whether inside or outside the free zones of Dubai), respectively. Companies registered in other emirates within the UAE may list on the ADX or the DFM.

All of the securities exchanges accept international listings. However, the ADX and the DFM only accept listings of foreign companies on a dual listing basis and not on a primary listing basis.

5.2 Securities Regulation

ADX and DFM

Main markets

For mainland companies, the key securities law and regulations for undertaking an initial public offering are set out in the CCL and Decision of the Chairman of the SCA Board No 11/RM of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock Companies (the “Offering Regulations”), as well as for listings on the ADX, the ADX Operational Rules

Booklet, and on the DFM, the DFM Module Two Listing Rules and the DFM Module Three Membership, Trading, and Derivatives Rules.

The Offering Regulations prescribe the conditions for approval to make an initial public offering for mainland companies, foreign companies and free zone companies.

Secondary markets

The DFM Arena and the ADX Growth market provide parallel listing venues from the DFM and ADX main markets for private companies looking to raise capital.

The 2025 CCL Amendment Law expanded Article 32 of the CCL to expressly permit private joint stock companies to offer securities via private placement on financial markets within the UAE, and exempts such companies from the lock-in period specified in Article 266 (1) of the CCL. The conditions and controls of such private placements are yet to be issued by SCA in co-ordination with the Ministry of Economy and the relevant competent authorities.

NASDAQD

The key securities laws and regulations in the NASDAQD are:

- DIFC Law No 1 of 2012 (the “Markets Law”); and
- the DFSA Markets Rules (MKT/VER23/08-24).

5.3 Investment Funds

In relation to foreign investors structured as investment funds and making an FDI into the UAE, there is generally no requirement for an investment to be reviewed or approved by any UAE regulatory authority for the sole reason that the investment is from a foreign source.

A foreign investment fund that intends to list its units on a securities exchange in the UAE will be reviewed as part of the listing process by the relevant regulatory authority to ensure that it complies with the specified requirements for a foreign fund. In particular, a foreign fund looking to list on:

- the ADX must comply with the requirements set out in the ADX Operational Rules Booklet, including

(among other things) the fund satisfying the technical requirements of listing in the ADX, appointing at least one liquidity provider approved by the ADX, appointing a representative of the foreign fund in the UAE, and the approval or no objection of the regulatory authority in which the foreign fund is listed at its place of incorporation;

- the DFM must comply with the requirements set out in the DFM Module Two Listing Rules, including (among other things) being listed on the main foreign market in its place of establishment, with a net asset value of not less than AED40 million (or such other amount as the DFM deems appropriate), and an offer of no less than 30% of the total units existing as at the application date, and appointing a local representative in the UAE; and
- the NASDAQD must comply with the requirements of the DFSA Markets Rules, including (among other things) being a designated fund from a recognised jurisdiction or a fund approved by the DFSA as a fund subject to equivalent regulation as that applying to a public fund, and must meet the criteria specified for (as applicable) a property fund, an exchange-traded fund or an Islamic exchange-traded fund.

6. Antitrust/Competition

6.1 Applicable Regulator and Process Overview

Mainland and Free Zones (Other Than Financial Free Zones)

The UAE has an antitrust and merger control regime. The Ministry of Economy and Tourism (the “Ministry”) is the regulatory authority responsible for implementing, monitoring and enforcing Federal Decree-Law No 36 of 2023 on the Regulation of Competition (the “Competition Law”) which came into force on 28 December 2023. The UAE competition regime is also contained in the following legislative instruments:

- Cabinet Decision No (3) of 2025 on the ratios related to the implementation of Federal Decree Law No 36 of 2023 (the “Threshold Resolution”); and
- Cabinet Decision No 37 of 2014 on the implementing regulations to Federal Law No 4 of 2012 on the

Regulation of Competition, (collectively, the “Competition Law Framework”).

Under the Competition Law Framework, unless exempted, any economic concentration requires that a merger control notification be submitted to the Ministry at least 90 days prior to the proposed date of the relevant action taking place, where any of the following conditions are/would be met by virtue of the relevant activity:

- The total value of annual sales of the parties in the relevant market during the last fiscal year exceeds AED300 million (the current threshold set by the Threshold Resolution).
- The total share of the relevant market occupied by the parties exceeds 40% (the current threshold set by the Threshold Resolution) of the total transactions of the relevant market (“Dominant Position”) as a result of such transaction.

The Minister has 90 days to consider the application, which can be extended for a further 45 days. Until such time as the relevant activity is approved or otherwise exempted by the Minister, the parties are prohibited from completing the transaction. If the review period lapses without a decision issued by the Minister, this will be considered a rejection.

The Competition Law Framework does not apply to:

- any agreement, practice or action related to a specific good or service that is regulated by a federal or local body entitled to regulate, control or supervise a specific economic sector within the UAE, including the competition rules that govern that sector, unless the sectoral regulatory body and the Ministry agree for the Ministry to take over this matter (in whole or in part);
- establishments owned by the federal government that are determined by a Cabinet Decision based on the Minister’s proposal after co-ordination with the relevant local authority; and
- establishments owned by one of the emirates’ governments, operating within the emirate, and which are determined by a decision issued by the local government.

In addition to regulating economic concentration, the Competition Law also prohibits predatory pricing and restrictive agreements (which may include, but are not limited to, agreements setting the price of goods or services contrary to the market price, implementing collusive tendering, freezing or limiting production or development, and/or restricting the free flow of goods or services from a specific market).

Financial Free Zones

As of the date of publication, neither the ADGM nor the DIFC has separate legislation to regulate antitrust or merger control.

6.2 Criteria for Antitrust/Competition Review

Pursuant to the existing implementing regulations of the Competition Law Framework, the following documents are to be submitted in Arabic (or at least with a certified Arabic translation) to the Competition Authority at the Ministry in relation to seeking approval for an economic concentration process:

- the approved notification form;
- the relevant term sheet or agreement setting out the proposed economic concentration process (whether executed or in a draft form);
- the constitutional documents of the parties, duly certified;
- the financial statements of the parties for the last two financial years, duly certified;
- the shareholder registers of the relevant parties; and
- an economic report analysing the positive impact of the transaction on the relevant market and the proposed commitments and actions of the parties to reduce any potential negative impacts.

The existing implementing regulations also provide that the Competition Authority at the Ministry will consider these documents to verify the economic concentration activity for the purposes of preparing a report for the Minister to review to decide on the application based on the following indicators:

- the real and potential competition level in the concerned market;
- how easy it is for new establishments to enter the concerned market;

- the extent of the potential impact on the prices of the relevant commodities or services;
- the extent of the existence of legal obstacles affecting the entry of new competitors;
- the probability of emergence of a dominant position in the concerned market;
- the extent of the potential impact on creation, innovation and technical competence;
- the extent of contribution in the promotion of investment or export, or the enhancement of the national establishments' ability to compete internationally; and
- the extent of the impact on the interests of consumers.

6.3 Remedies and Commitments

Parties to the proposed economic concentration activity can voluntarily submit an undertaking to implement measures designed to prevent the anti-competitive consequences of the proposed activity within 30 days of submitting a complete application.

Under Article 15 of the existing implementing regulations, where it is determined that the provisions of the Competition Law have been breached, with the exception of conduct in breach of the confidential provisions by Ministry employees, the Minister may enter into a settlement with parties before the filing of a criminal case. However, the violating parties must pay a fine no less than double the minimum fine provided by the Competition Law. The settlement is effective upon paying the fine.

6.4 Antitrust/Competition Enforcement

Under the Competition Law, the Minister may:

- approve the economic concentration operation;
- approve the economic concentration operation, conditional upon the concerned parties' commitment to fulfil the terms and obligations they have undertaken or those ascertained by the Minister;
- reject the economic concentration operation; or
- exempt the economic concentration operation from the conditions specified in Article 12 of the Competition Law.

Once the decision is made by the Minister, the relevant competent authorities have the power and authority

to enforce the decision, which may include the ability for the Ministry to prohibit or otherwise interfere with a transaction within its competency to combat any form of activities or practices in breach of the provisions of the Competition Law.

Under Article 14 of the existing implementing regulations, any concerned party can request the Minister to review its decision within 14 days from the date the applicant becomes aware of the decision. The Competition Regulatory Committee will review the request and submit its recommendation to the Minister within ten days from the date on which the request was referred. The Minister is to adopt a final decision within 30 days from the filing of the request. If a decision is not adopted within this timeframe, the request is deemed to be rejected. Decisions issued by the Minister can be appealed before the competent court (following the procedures set out in Article 34 of the Competition Law).

Under Articles 25 and 26 of the Competition Law, any person who fails to notify a reportable economic concentration transaction may be fined between 2% and 10% of the annual total sales achieved by the violating parties within the UAE during the last fiscal year, or if this is not possible to determine, the penalties will be between AED500,000 and AED5 million. Additionally, if parties initiate any actions or procedures to conclude the economic concentration operation during the review period, a fine of between AED500,000 and AED5 million will be imposed.

Under Article 24 of the Competition Law, any person violating the predatory pricing and restrictive agreement requirements will be fined not less than AED100,000 and not more than 10% of the annual total sales realised by the violating party during the last fiscal year, or, if this is not possible to determine, the penalties will be between AED500,000 and AED5 million.

7. Foreign Investment/National Security

7.1 Applicable Regulator and Process Overview

There is generally no requirement for FDI into the UAE to be reviewed or approved by a UAE regulatory authority. Instead, disclosure of FDI occurs primarily through company registration and licensing, ultimate beneficial ownership reporting, ongoing financial and compliance filings, and specific rules for certain sectors and publicly listed companies.

7.2 Criteria for National Security Review

See [6. Antitrust/Competition](#) and [11.1 Intellectual Property Considerations for Approval of FDI](#) for more information on the competition legal framework in the UAE.

7.3 Remedies and Commitments

See [6. Antitrust/Competition](#) for more information on the competition legal framework in the UAE.

7.4 National Security Review Enforcement

See [6. Antitrust/Competition](#) for more information on the competition legal framework in the UAE.

8. Other Review/Approvals

8.1 Other Regimes

Ownership of real estate in certain Emirates is subject to restrictions. Foreigners (non-Gulf Cooperation Council (GCC) nationals) can generally own real estate assets only within certain zones as designated by the government. Foreigners therefore need to check the applicable real estate regulations in the relevant Emirate they wish to invest in.

9. Tax

9.1 Taxation of Business Activities

A company incorporated in the UAE (or effectively managed from the UAE) would constitute a resident taxable person and will be subject to corporate tax (CT) at 9% on its worldwide taxable income (provided that the first AED375,000 is taxed at 0%). The UAE

has also introduced a domestic minimum top-up tax of 15% in accordance with Pillar 2.

A non-resident company will be subject to CT in the UAE to the extent that it has established a permanent establishment (PE) in the UAE, in which case the profits attributable to the PE will be subject to CT. A non-resident company will also be subject to CT on income derived from immovable property in the UAE, or where income is attributed to the company from a qualifying investment fund or real estate investment trust.

A company incorporated in or operating through a branch in a free zone may be eligible for tax relief on its qualifying income (taxed at 0%) where it qualifies as a qualifying free zone person.

Generally, an unincorporated partnership will be disregarded for UAE tax purposes with the individual partners accounting for CT on their distributive share of the partnership profits. Foreign partnerships can also be treated as tax-transparent provided certain requirements are met and an annual declaration is filed by the taxable partners.

Certain persons can also be exempted from CT (whether automatically or upon application), such as government entities, extractive businesses, qualifying investment funds (QIFs), real estate investment trusts (REITs), qualifying limited partnerships (QLPs), pension funds, etc. It should be noted that a foreign investor in a QIF or REIT may still be subject to CT on its pro-rated share of the fund's profits under certain circumstances.

VAT is imposed at 5% (unless exempt or zero-rated) on taxable supplies of goods and services in the UAE and on the import of certain goods and services into the UAE. The responsibility for the payment of VAT will fall on either the taxable person making the supply in the UAE, or on the importer of the concerned goods or concerned services. The standard customs duty rate in the UAE is 5%, while excise taxes range from 50% to 100% and are imposed on certain goods such as sweetened drinks and tobacco products.

9.2 Withholding Taxes on Dividends, Interest, Etc

At present UAE-sourced payments to non-residents are not subject to any withholding tax. Although the UAE Corporate Tax Law includes a provision for imposing withholding tax, at present no categories of source income have been specified on which the withholding tax will be imposed or the rate of the withholding tax.

The UAE has an extensive treaty network. In the event that a withholding tax were to be introduced in future, these treaties could be invoked to obtain a reduced rate. In this regard, the UAE Corporate Tax Law does not currently contain any specific ownership, holding period or "treaty shopping" provisions that would limit eligibility for such a reduced rate, provided that the applicable treaty itself might contain such conditions.

9.3 Tax Mitigation Strategies

Given that the UAE corporate tax regime is still in its infancy, tax planning strategies are still developing. As qualifying free zone persons are eligible for a 0% tax rate on their qualifying income, the use of these vehicles for conducting qualifying activities and the associated structuring of these vehicles are particularly topical. Qualifying activities include commodity trading, manufacturing, processing, reinsurance, holding of shares and securities for investment, shipping operations, logistics, distribution, aviation finance, related party financing, wealth management, fund management and headquarter services. Free zone relief is also available in respect of the exploitation of qualifying intellectual property assets under certain circumstances.

The use of family foundations (a legally opaque but tax-transparent vehicle) is also commonly seen as part of personal wealth structuring in the UAE as this provides potential tax benefits particularly in relation to holding immovable property.

The Corporate Tax Law also allows for the transfer of assessed losses and tax grouping of resident juridical persons under prescribed circumstances.

9.4 Tax on Sale or Other Dispositions of FDI

A non-resident company will only be subject to capital gains tax in the UAE where such gains are attributable to a PE in the UAE, arise from immovable property held in the UAE, or where this is attributed to the company as an investor in a QIF or REIT. A non-resident natural person will be subject to capital gains tax only where the gains are derived from carrying on a business or business activities in the UAE and the annual turnover from those activities exceeds AED 1 million, noting that certain income streams, including personal investment income and real estate investment income, are excluded.

A participation exemption is available in relation to gains derived from the disposal of shares or other capital interests in a juridical person provided certain requirements are met in relation to the participating interest, including:

- an ownership interest of at least 5% or aggregated acquisition cost of AED4 million or more;
- a holding period of at least 12 months;
- the participation is subject to CT (or similar tax in the foreign jurisdiction) at a rate not less than 9%;
- the participation interest entitles the taxable person to receive not less than 5% of the profits and liquidation proceeds; and
- not more than 50% of the direct/indirect assets of the participation consist of ownership interests or entitlements that would not have qualified for the participation exemption if held directly by the taxable person.

An ownership interest as contemplated above includes not only shares, but also partnership interests, provided it carries rights to the profits and liquidation proceeds of the participation and it is treated as an equity interest under the accounting standards applied by the taxable person holding the ownership interest.

9.5 Anti-Evasion Regimes

At present the Corporate Tax Law does not contain any specific anti-avoidance rules in relation to FDI or “anti-hybrid” rules. However, it does contain a general anti-avoidance rule that can be applied to a transaction, if having regard to all the relevant circumstances,

it can reasonably be concluded by the tax authority that:

- entering into or carrying out the transaction or arrangement, or any part of it, is not for a valid commercial or other non-fiscal reason which reflects economic reality; and
- the main purpose or one of the main purposes of the transaction or arrangement, or any part of it, is to obtain a corporate tax advantage that is not consistent with the intention or purpose of the Corporate Tax Law.

The Corporate Tax Law also imposes arm’s length pricing requirements on related-party transactions and payments to connected persons. Failure to comply with these requirements could result in an adjustment of taxable income or a disallowance of deductible expenditure.

10. Employment and Labour

10.1 Employment and Labour Framework

Private onshore UAE entities are governed by UAE Federal Decree-Law No 33 of 2021 (as amended) (the “Labour Law”), along with the implementing regulations. The free zones apply their own regulations, which require compliance with the minimum standards of the Labour Law. The DIFC and the ADGM are free zones which provide an employment framework which is more aligned to the UK employment regime, often making these financial free zones attractive to overseas investors and multinational companies.

Collective bargaining and rights, trade unions and employee/works councils do not exist in the UAE.

All employees are required to hold a valid sponsored residency visa and work permit to work in the region.

The management of the employment relationship and the termination of employment are generally considered to be straightforward, with dismissal with notice or without notice in specific circumstances available to employers. Employment contracts under the Labour Law are required to be for a fixed term but notice to

terminate can still be served during the term. The DIFC and ADGM permit indefinite contract terms.

10.2 Employee Compensation

Compensation is usually split between basic salary and allowances, such as housing, transport and other allowances. Onshore companies are not required to provide pension arrangements, aside from GCC nationals. The ADGM and the DIFC have separate arrangements which are more aligned to pension contributions.

Onshore employees receive an end-of-service gratuity, which is based on final basic salary and length of service. This gratuity, along with all other employment income, is paid tax-free in the UAE.

Employers have to provide medical insurance in the UAE.

10.3 Employment Protection

The UAE does not recognise mandatory transfers of employment, or protection of employee rights where an acquisition or transfer of a business occurs. There is no equivalent to TUPE or the acquired rights directive, as in Europe.

The process may involve termination of employment, and payment of any outstanding dues such as gratuity, and new employment may (or may not) be offered with the new business entity. Agreements to delay the end of service payments until the end of the employment can be reached between the interested parties and employees, along with recognition of continuity of employment.

No works councils, employee representative groups, or collective bargaining in any form are required (or permitted).

11. Intellectual Property and Data Protection

11.1 Intellectual Property Considerations for Approval of FDI

There are a number of industry sectors where, due to national interests (whether security, economic or

cultural), a more detailed review is undertaken from an intellectual property perspective.

These industry sectors include the following:

- **Telecommunications and Technology:** As an advocate of a digital economy, and taking steps to achieve widespread implementation by the 2030s, this is a core sector for the UAE and close attention is paid to the nature of FDI in this sector, in particular whether any technology transfer agreements could be adverse to national interests.
- **Defence:** The UAE has a significant domestic defence industry and particular attention is paid to FDI in this sector to avoid unauthorised dissemination of sensitive information and/or technologies.
- **Financial Services:** As an increasingly popular destination for financial investment, while also playing a key anchor role in this sector in the Middle East, close attention is paid to FDI generally, but in particular with regards to fintech and digital banking, and associated security and protection measures.
- **Pharmaceuticals:** The UAE has some of the world's most rigorous evaluation and approval processes for pharmaceuticals, as well as an increasing number of UAE home-grown pharmaceutical entities. In terms of the protection of intellectual property rights and confidential information, as well as the protection of consumer health and safety, FDI in this sector is subject to multiple layers of review.

In conducting FDI reviews, various criteria are taken into account and are tailored to the particular industry sector. These evaluative criteria include the following:

- **Economic Impact:** To what extent will the FDI result in job creation, infrastructure development, or other benefits to the UAE economy?
- **National Security:** Does the FDI concern industry sectors related to national security, critical infrastructure, or sensitive technology? For example, defence and cybersecurity.
- **IP Compliance:** To what extent does the FDI, and the underlying entity, recognise intellectual property rights? What (if any) agreements, relationships or similar are in place between the UAE and the country of the FDI applicant?

- Sustainability and Environmental Impact: What are the environmental implications of the FDI? Does it accord with the UAE's commitment to sustainability?
- Economic Diversification Goals: Does the FDI support the economic diversification strategies of the UAE? Growth sectors in this diversification, which are of particular importance and appeal, are technology, renewable energy, healthcare, and finance.

11.2 Intellectual Property Protections

The UAE places a significant emphasis on the protection, enforcement, and commercialisation of IP rights. A series of updates to the various intellectual property laws in the UAE took place in 2021. These included:

- Law 11 of 2021 in Relation to the Protection of Industrial Property Rights;
- Decree-Law 36 of 2021 in Relation to the Protection of Trade Marks; and
- Decree-Law 38 of 2021 in Relation to the Protection of Copyrights and Neighbouring Rights.

The Ministry, in which the various IP offices in the UAE are located, has taken consistent steps to ensure the effective application of these laws and set up the accompanying jurisdictional framework to facilitate these changes, with the focus on increased efficiency and the application of best-in-class principles to the application of these laws and user interactions with the IP offices.

These laws are aligned with international best practices and also with giving effect to the operation of international conventions and treaties to which the UAE is a signatory. These include:

- the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);
- the Paris Convention for the Protection of Industrial Property;
- the Berne Convention for the Protection of Literary and Artistic Works; and
- the Patent Cooperation Treaty (PCT).

The integration of national IP strategies with the economic agenda of the UAE has seen a number of initiatives, the most notable of which was in February 2024

with the announcement of 11 interconnected initiatives centralised around four core themes:

- promoting comprehensive protection of intellectual property rights and fostering a culture of innovation;
- reducing the infringement of intellectual property rights holders;
- facilitating the resolution of disputes; and
- enhancing IP-related services offered by the Ministry, including through the use of AI and user-friendly interfaces.

However, it is important to note specific factors in the following areas.

- Compulsory Licensing: Provisions for compulsory licensing (for example, in relation to a national emergency) exist across the IP legislative framework but, in practice, these have rarely been utilised.
- AI Works: The UAE has, for a number of years, utilised AI across a number of sectors and, in October 2024, implemented the UAE's official AI Policy. The UAE AI Policy was jointly developed by the Office of the Assistant Foreign Minister for Advanced Science and Technology and the Office of the Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications. It contains six core principles:
 - (a) advancement;
 - (b) co-operation;
 - (c) community;
 - (d) ethics;
 - (e) sustainability; and
 - (f) security (as with the rest of the world, the specific parameters around the IP rights subsisting in AI-generated works remain to be settled).
- Secondary Political Authorisation: In industry sectors where there are national security factors to consider, restrictions may be imposed on how certain IP rights can be held or enforced.

11.3 Data Protection and Privacy Considerations

There are three primary data protection laws in the UAE. They are as follows.

- Federal Decree-Law No 45 of 2021 Concerning the Protection of Personal Data (PDPL): The PDPL regulates the processing of personal data in the UAE, with a focus on ensuring transparency, data subject rights, and data security. Based on many of the principles set out in the General Data Protection Regulation (GDPR), it applies to entities processing data of individuals residing in the UAE, regardless of where the processing entity is located, so it can have extraterritorial effects if a foreign company processes the personal data of individuals in the UAE.
- The DIFC Data Protection Law, DIFC Law No 5 of 2020 (the “DP Law”): The DP Law operates in the DIFC and, like the PDPL, is based closely on the GDPR.
- The ADGM Data Protection Regulations 2021: These Regulations, again based on the GDPR, govern data protection within the ADGM.

While the PDPL is in force, it is not yet being enforced. It is necessary for the implementing regulations to be issued first (and as of November 2025 were still pending). After this, there will be a six-month grace period for entities to whom the PDPL applies to take steps to ensure compliance. Information such as financial penalties for breaches is not yet known. These will be set out in the implementing regulations. For the DP Law and the ADGM Data Protection Regulations 2021, there are significant potential financial penalties (from USD10,000 to USD100,000 in the DIFC and up to USD28 million in the ADGM). Application of a multiplier penalty for particularly egregious breaches is possible.

On a practical level, the similarities between the GDPR and the PDPL are such that, notwithstanding that the implementing regulations have not yet been issued, many entities are structuring their data protection policies and procedures to be in place now and, where necessary, adapted when the implementing regulations are issued.

Trends and Developments

Contributed by:

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Hadef & Partners LLC has a long-standing presence in the UAE, celebrating 45 years of practice in the UAE in 2025, and is regarded as having a deep understanding of the region's business and legal environment. Across its Abu Dhabi and Dubai offices, the firm has one of the largest corporate and commercial service offerings in the region, covering all aspects of corporate, licensing, structuring, regulatory and general transactional work, including inward investment, mergers and acquisitions, private equity and

venture capital, joint ventures and initial public offerings. The firm has recently advised Multiply Group PJSC on its multi-billion-dollar acquisition of the Two Point Zero Group and Ghitha Holding PJSC to form a total group asset base of over AED121 billion as at the date of publication. The firm has also recently advised on several IPO and ADX listings, including NMDC Energy PJSC, Phoenix Group PLC and Pure Health Holding PJSC.

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Introduction

Throughout 2025, the United Arab Emirates (UAE) introduced a number of significant legal and regulatory developments. From sweeping financial sector reforms and enhanced anti-money laundering measures to pioneering ESG mandates, the UAE is redefining its position as a global investment hub. These changes seek to align with international standards, strengthen governance, and embrace the digital economy. This article is intended to highlight some of the significant legislative developments arising in 2025 in the UAE.

Reforms to Modernise and Consolidate the Financial Regulatory Framework

Significant reforms were enacted, effective 16 September 2025, to the financial sector by the introduction of Federal Decree-Law No (6) of 2025 Regarding the Central Bank and the Regulation of Financial Institutions, Activities and Insurance Business (New CBUAE Law).

The New CBUAE Law consolidates the regulation of the banking and insurance sectors under the Central Bank of the UAE (CBUAE) in one legislative instrument, repealing and replacing Federal Decree-Law No 14 of 2018 Regarding the Central Bank and the Regulation of Financial Institutions and Activities, and Federal Decree-Law No 48 of 2023 Regarding the Regulation of Insurance Activities.

Significant changes under the New CBUAE Law include the following:

- **Introduction of Criminal Penalties:** A notable development includes the introduction in the New CBUAE Law of a criminal penalty for any person that engages in regulated financial activities without a licence from the CBUAE. Any person engaging in a licensed financial activity without the relevant licence may face imprisonment and/or a fine of between AED50,000 and AED500 million. This change reflects the UAE's commitment to strengthening the deterrent framework for unlicensed financial activities.
- **Broadening of the "Licensed Financial Activities" Definition:** The financial activities subject to licensing by the CBUAE cover, for example: receiving

deposits; providing credit and financing facilities, currency exchange and money transfer services, stored value services, retail payments and digital currency services; arranging, marketing or promoting licensed financial activities; and acting as a principal in financial products that affect the financial position of the licensed financial institution. As part of the consolidation of legislative instruments, the definition of licensed financial activities was expanded by the New CBUAE Law to include providing insurance, reinsurance and insurance-related professions, businesses and services. Most notably, the definition now includes the providing of open finance services and the providing of payment services using virtual assets, reflecting the UAE's pivot towards a digitally enabled financial ecosystem.

- **Regulation of Technology Providers Facilitating Licensed Financial Activities:** The CBUAE's regulatory perimeter has also been significantly broadened to capture any person who directly or indirectly practises, offers, issues, or facilitates any licensed financial activity regardless of the means, technology, or form used. Therefore, licensed financial activities provided through emerging technologies, such as decentralised finance platforms, or technology providers that facilitate, intermediate or enable the provision of licensed financial activities will now be subject to the CBUAE's licensing, regulatory, and supervisory authority under the New CBUAE Law.
- **Integration of Insurance Specific Regulations:** Another major change is the integration of detailed insurance regulations into the New CBUAE Law. While the prior law was amended to make reference to insurance, the New CBUAE Law has a dedicated section (Articles 78-106) governing the insurance sector.
- **Enhanced Supervisory and Enforcement Powers:** The CBUAE has also been equipped with stronger supervisory tools, including "early intervention" powers to address risks before they escalate. The maximum administrative fine for licensed financial institutions was substantially increased from AED200 million to AED1 billion.

This new framework marks a significant shift in the UAE's regulatory landscape in the financial sector. It

introduces a more robust framework for dealing with emerging technologies like virtual assets and open finance, and substantially strengthens the CBUAE's supervisory and enforcement powers.

All entities and persons subject to the New CBUAE Law have a one-year grace period, until 16 September 2026, to regularise their status and obtain the necessary licences. The New CBUAE Law does not, however, apply to financial free zones within the UAE or financial institutions subject to the supervision of the authorities of financial free zones.

A Strengthened Combatting Financial Crime Regime

Building on its successful removal from the Financial Action Task Force (FATF) "grey list" in February 2024, the UAE enacted Federal Decree-Law No (10) of 2025 Regarding Combating Money Laundering Crimes, Combating the Financing of Terrorism and the Financing of Arms Proliferation (New AML Law), effective from 14 October 2025. The New AML Law is supported by Cabinet Resolution No (134) of 2025 (New AML Executive Regulations), which specifies the procedures, rules, and controls for implementing the provisions of the New AML Law.

The New AML Law and New AML Executive Regulations (New AML Framework) aim to strengthen the UAE's existing anti-money laundering (AML) and counter-terrorist financing (CTF) regime, as well as align with the FATF's framework for combatting arms proliferation financing (CPF). The New AML Framework substantively expands the scope of criminalised activities, enhances the powers of regulatory bodies, increases penalties, and explicitly incorporates regulations for emerging technologies like virtual assets. This shift reflects the UAE's commitment to aligning with the highest international standards, such as those set by FATF, and addressing a more complex and digitised financial landscape.

Significant changes under the New AML Framework include the following:

- **Expanded Criminal Scope:** The New AML Framework now expressly criminalises arms proliferation financing as a standalone offence, and specifically

identifies terrorist financing, arms proliferation financing and tax evasion as a predicate offence for money laundering. It also recognises that financial crimes can be committed through digital systems and virtual assets, and adds "Operators of Commercial Games" to the list of Designated Non-Financial Businesses and Professionals that must comply with the New AML Framework, including customer due diligence and suspicious transaction reporting obligations, when carrying out any single financial operation or several related operations equal to or exceeding AED11,000.

- **Further UBO Transparency:** The AML Framework seeks to address misuse of nominee structures to obscure ultimate beneficial ownership by requiring Nominee Directors and Nominee Shareholders to disclose their status and the identity of their nominator to the company within 15 working days of any change.
- **No Limitation Periods:** The New AML Law reaffirms there is no statute of limitations for criminal proceedings relating to crimes of money laundering, financing terrorism or arms proliferation financing and explicitly extends this position to civil proceedings.
- **Empowered FIU:** The Financial Intelligence Unit (FIU) is an independent body established in the Central Bank. The head of the FIU has had its powers significantly enhanced, including the ability to, without prior notice, freeze assets for up to 30 days and suspend transactions for up to ten working days.
- **Increased Penalties:** The New AML Law imposes harsher penalties, with fines for legal entities of up to AED100 million, or the equivalent value for the relevant criminal property, whichever is greater, for money laundering, terrorist financing, or arms proliferation financing. The requirement for the court to order the mandatory dissolution of the legal person has now been extended from legal persons convicted of a crime of terrorism financing to include a legal person convicted of arms proliferation financing.

These reforms, coupled with the National Strategy for AML/CTP/CPF (2024-2027) approved by the UAE Cabinet on 2 September 2024, signal a sustained focus on enforcement, particularly ahead of the next

FATF mutual evaluation for the UAE anticipated in 2026.

Thresholds for Merger Control Regime Announced

While a new competition law framework was introduced by Federal Law No (36) of 2023 Regarding the Regulation of Competition (New Competition Law) with effect from 29 December 2023, the updated implementing rules in Cabinet Decision No 3 of 2025 were released in 2025 with effect from 1 April 2025.

The implementing rules clarified the ratios relevant to determining if a transaction constitutes an “Economic Concentration”. Unless exempted, if, during the last fiscal year, the parties have combined annual sales in the “relevant market” in the UAE of more than AED300 million or a market share that exceeds 40% of the overall transactions in that relevant market, the Ministry of Economy must be notified of the transaction.

The Ministry of Economy has 90 days to review the application and provide its decision, and such period may be extended by 45 days or upon request for additional information. A failure by the Ministry of Economy to issue a decision within the review period now results in a deemed rejection, a significant reversal from the previous “silence implies approval” doctrine.

Until such time as the Ministry of Economy provides its approval, the parties are prohibited from initiating any actions or proceedings to complete the transaction. Transaction parties that meet the economic concentration thresholds, but do not notify the Ministry of Economy or proceed with the transaction without first obtaining the Ministry of Economy's approval will be subject to a fine of no less than 2% and no more than 10% of the total annual sales revenue of the goods or services the subject of the violation generated during the prior fiscal year. If it is not possible to determine the amount of relevant revenues, the fine will be set as a fixed amount between AED500,000 and AED5,000,000.

This reform transforms antitrust reviews from a procedural formality into a critical pre-deal strategic consideration for material M&A transactions.

Resilient Capital Markets and Evolving Corporate Governance

While the UAE's initial public offering (IPO) market remains resilient, the focus in 2025 has shifted towards deepening market sophistication and strengthening corporate governance. The pipeline for IPOs remains strong for 2026, with market sentiment indicating an expected increase in secondary offerings from major shareholders as recently listed companies mature.

Governance reforms in 2025 include Securities and Commodities Authority Decision No (24) of 2025, which introduces to Securities and Commodities Authority Decision No (3/RM) of 2020 Regarding the Approval of the Public Joint Stock Companies' Governance Manual a conditional exception to the prohibition of an individual holding both Chair and CEO roles for companies listed on, for example, the Abu Dhabi Securities Exchange or the Dubai Financial Market. Under this new amendment, a Chair-CEO dual role is permitted, but only under stringent conditions, such as requiring 75% board independence, all members of the permanent board committees being independent directors, a special resolution of the general assembly to approve the combined role, and establishing a new board-level governance committee.

Federal Decree-Law No (20) of 2025 was implemented, amending a number of key provisions of the Federal Decree-Law No (32) of 2021 On Commercial Companies (CCL). The CCL now expressly permits:

- the establishment of non-profit companies, subject to the issuance of a Cabinet decision specifying the purposes and regulating the provisions and forms of such companies (Article 8 (3)(b));
- the inclusion of drag-along and tag-along style provisions in the memorandum or articles of association of limited liability companies or private joint stock companies (Article 14 (4)(a));
- the inclusion of mechanisms for dealing with the transfer of shares or interests upon death of a partner or shareholder (Article 14 (4)(b));
- re-domiciliation within the UAE, facilitating companies to transfer their registration between Emirates or from a free zone to the mainland, and vice versa (Article 15 bis);

- private subscription offerings and listings on financial markets in the UAE by private joint stock companies (Article 32), and the removal of the lock-in period in Article 226 (1) for such companies (Article 266 (4)); and
- different classes of shares for limited liability companies (Article 76), and allows the Cabinet to issue a decision facilitating different classes of shares for public joint stock companies (Article 208).

We are awaiting the release of further decisions in relation to the conditions and controls governing the redomiciliation of companies within the UAE and the private subscription offerings and listings of private joint stock companies, which may be issued in 2026.

The CCL also clarifies that free zone companies operating outside the zone and within the UAE must carry on activities via a branch or representative office that is subject to the CCL and other mainland laws.

Corporate Tax Regime Developments

The UAE's 9% federal corporate tax on taxable income exceeding AED375,000 has now moved into its first full implementation cycle, with the first major filing deadline for companies being 30 September 2025 for entities with a 31 December year end.

A pivotal development for 2025 is the introduction through Cabinet Decision No (142) of 2024 of a Domestic Minimum Top-up Tax (DMTT) effective for fiscal years starting on or after 1 January 2025. Aligning with the OECD's Pillar Two framework, the DMTT imposes a 15% minimum effective tax rate on UAE-based entities of multinational enterprises (MNEs) with global consolidated revenues exceeding EUR750 million in two of the last four fiscal years. This ensures that even MNEs benefiting from nil or low tax rates or other incentives in the UAE could be subject to a "top-up" tax to meet the global minimum, with the resulting DMTT collected in the UAE.

Looking ahead to 2026, the tax landscape is anticipated to continue to evolve further with the possible introduction of new incentives to support sustainable growth, innovation, and investment.

- Following public consultation, the Ministry of Finance announced in December 2024 that it is considering an expenditure-based research and development (R&D) tax incentive, offering a potential refundable credit of 30-50% on certain qualifying R&D activities within the UAE, for tax periods starting on or after 1 January 2026.
- Another incentive being considered is a refundable tax credit for high-value employment activities to encourage businesses to engage in activities that deliver significant economic benefits, stimulate innovation, and enhance the UAE's global competitiveness.

The E-Invoicing Mandate of 2026

The UAE is moving forward with the digital transformation of its VAT system by implementing a mandatory electronic invoicing regime (e-invoicing). Following amendments to Federal Decree-Law No (8) of 2017 on Value Added Tax in late 2024, the legal foundation is now set for a phased rollout.

In October 2025, two ministerial decisions were released announcing that a taxpayer working group will commence a pilot programme on 1 July 2026 for the purpose of testing and implementing the e-invoicing system under the supervision of the Ministry of Finance. Voluntary adoption is also permitted from this date.

- Persons subject to e-invoicing with annual revenue of at least AED50 million must appoint an Accredited Service Provider (ASP) by 31 July 2026 and fully implement e-invoicing for all business-to-business (B2B) and business-to-government (B2G) transactions by 1 January 2027.
- Persons subject to e-invoicing with annual revenue below AED50 million must appoint an ASP by 31 March 2027 and implement e-invoicing by 1 July 2027.

The system will leverage the international Pan-European Public Procurement Online (PEPPOL) network, requiring businesses to use an ASP to issue and transmit invoices in a structured digital format (XML or JSON). Failure to comply will lead to penalties and, critically, may invalidate invoices for the purpose of recovering input tax. Businesses are advised to begin

preparations to ensure system readiness and avoid disruptions.

Mandatory ESG: The Climate Change Law

In a defining legislative move, the UAE enacted Federal Decree-Law No (11) of 2024 on the Reduction of Climate Change Effects, effective 30 May 2025. This is the nation's first legally binding climate action framework and shifts consideration of environment, social and governance (ESG) themes from a voluntary endeavour to a mandatory obligation for all entities, including public and private companies in both mainland and free zones.

Key requirements include:

- **Measurement and Reporting:** Businesses must regularly measure, document, and report their greenhouse gas (GHG) emissions through a new platform managed by the Ministry of Climate Change and Environment (MOCCAE).
- **Emissions Reduction:** Entities are legally obligated to implement measures to reduce emissions, such as improving energy efficiency or using clean energy. Based on a proposal from the MOCCAE, the Cabinet will set annual, sector-based reduction targets.
- **Record-Keeping:** Emissions data and records must be retained for at least five years.

Entities have a one-year grace period until 30 May 2026 to ensure full compliance. Non-compliance will attract significant penalties ranging from AED50,000 to AED2 million.

Modernising Family Law: The New Personal Status Law of 2025

In a landmark social and legal reform, Federal Decree Law No (41) of 2024 on Personal Status came into force on 15 April 2025. This new law replaced the previous 2005 legislation and introduced sweeping changes to family matters for both citizens and expatriates. The reforms aim to align family law with modern societal values while enhancing personal autonomy and fairness.

Key amendments include:

- **Governing Law:** Non-nationals can choose the law governing their personal status matters, including marriage and divorce; however, if no such choice is made, UAE law will apply by default.
- **Marriage Provisions:** The minimum legal age for marriage is now firmly set at 18 for both men and women. Significantly, non-Muslim women may marry without a guardian's consent if permitted by their home country's law, and couples can choose the legal framework that governs their marriage.
- **Divorce Reforms:** The law streamlines divorce proceedings by reducing the arbitration period from 90 to 60 days. It also introduces new grounds for divorce, such as substance abuse, certain medical conditions, and family abandonment, with shorter notice periods.
- **Child Custody Rights:** Custody rights have been extended until the child reaches 18 for both boys and girls, a significant change from the previous age limits that differed by gender. Children aged 15 and above are now granted the right to choose which parent to live with, subject to the court's assessment of their best interests. Either parent can choose to travel with a child for up to 60 days per year without the other parent's consent, with the court's authorisation.

Conclusion

The UAE's 2025 legislative overhaul marks a decisive step toward creating a modern, resilient, and globally competitive legal framework. These reforms form part of a broader strategy to strengthen financial integrity, embrace technological innovation, and embed sustainability at the core of economic activity. Whether it is adapting to the expanded licensing regime under the New CBUAE Law, meeting stringent AML obligations, preparing for e-invoicing, or aligning with mandatory ESG requirements, the coming year will demand strategic planning and operational readiness. As the UAE positions itself for its next FATF evaluation and deepens its integration with global standards, those who act early will not only mitigate risk but may also be able to unlock new opportunities in a rapidly evolving market.

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