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Changes to the United Arab Emirates companies law regime: What do they mean for you?



Important changes have recently been made to the law regulating companies in the United Arab Emirates (the "**UAE**"), in the biggest shake-up of the regime since the enactment of the new Commercial Companies Law in 2021 (Federal Decree-Law No.32 of 2021) (the "**Commercial Companies Law**"). These changes came into force on 15 October 2025.

The overall impression is one of greater flexibility for companies in the UAE, reflecting on-going reform efforts across the UAE's legal framework. In particular:

- the changes for limited liability companies ("**LLCs**") facilitate more sophisticated capital structures and exit strategies, which should be favourable for both private M&A and joint venture transactions;
- private joint stock companies ("**JSCs**") now have greater flexibility in their equity-raising with the ability to undertake listed private placements on the UAE financial markets;
- further details have been provided in relation to the manner in which free zone companies (including those incorporated in the Dubai International Financial Centre ("**DIFC**") and the Abu Dhabi Global Market ("**ADGM**")) can operate onshore in the UAE; and
- a regime has been introduced to enable both free zone companies and onshore companies to redomicile to another legal jurisdiction within the UAE.

Further Cabinet decisions and/or secondary regulations from the Ministry of Economy and the Securities and Commodities Authority ("**SCA**") are expected to provide more detail in respect of certain areas.

We set out some of the most significant changes affecting companies in this alert.

2021

Commercial Companies Law enacted

2025

Commercial Companies Law amended

> These reforms to the Commercial Companies Law continue the trend towards alignment with international practices and will be welcomed in particular for providing greater flexibility in corporate structuring as well as further clarity on exit rights and the application of the CCL across UAE jurisdictions.
>
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Different classes of shares

LLCs will be able to issue different classes of shares (e.g. ordinary, preference, redeemable) with bespoke rights set out in the articles of association. This significantly increases structuring flexibility in LLCs, enabling rights to be tailored according to shareholders' requirements, such as in relation to value, dividend priority, voting rights or liquidation preferences. This change also brings the UAE in line with market standards in other global jurisdictions.

The company's commercial register maintained by the economic department in the relevant Emirate must record the different classes of shares issued by that company. Further regulations are expected to set out more detail on the different share classes and related requirements.

The amendments also introduce the potential for JSCs to issue multiple share classes, subject to SCA proposals and a further decision from the Cabinet.

LLCs: Drag-along and tag-along rights

An LLC's articles of association may now provide for drag-along and tag-along provisions, facilitating whole company sale transactions and enabling a framework to protect majority and minority shareholder rights. Again, this change brings the UAE in line with market standards in other global jurisdictions, and reduces the risk around enforceability of these types of provisions.

Partners in LLCs will have discretion to determine appropriate thresholds, procedures and carve-outs, as the law does not stipulate specific parameters.

Private JSCs: Private placements

Private JSCs will be able to offer their shares via private placement on the UAE financial markets for the first time, giving them greater options in their equity-raising. The offer may be made to natural or legal persons, subject to compliance with applicable rules (regulations on this are yet to be published).

Free zone companies: Doing business onshore

The amended regime clarifies that UAE free zone companies (whether incorporated in a commercial or a financial free zone) may establish branches or representative offices onshore in the UAE, and that such onshore branches or representative offices will be subject to relevant provisions of the Commercial Companies Law.

This clarifies the existing position under the Commercial Companies Law, as dual licensing arrangements are already in place between some free zones and Emirates. These enable free zone entities to obtain a secondary onshore licence and conduct certain permitted activities onshore in the UAE.

Conversion to JSC: Streamlined process

LLCs and other entities wishing to convert their legal form to a JSC now benefit from greater clarity on the requirements to do so. In summary, the company must register its new legal form with the commercial register in the relevant Emirate. As there is no requirement for a new incorporation application or a founders' committee, the documentary requirements and process for conversion should be quicker and more efficient than under the previous Commercial Companies Law.

Redomiciliation

Companies will be able to transfer their place of incorporation from one "jurisdiction" to another within the UAE (i.e. from one Emirate to another, between free zones or between a free zone and onshore). This may offer strategic benefits for the company and its group, whether in terms of efficient administration, more favourable legal regime, access to markets or tax optimisation, whilst maintaining the company's legal personality and all rights, liabilities and contracts.

Upon redomiciliation, the company will need to ensure compliance with the relevant laws and regulations in the new jurisdiction, where necessary. The basic framework set out in the law requires the approval of the competent authorities in the outgoing and incoming jurisdictions, and publication of the transfer of the company's registration in the commercial registers maintained by them. JSCs also require additional approvals from the Securities and Commodities Authority/ Ministry of Economy. Further regulation is expected to expand on how a redomicilation can be carried out.

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