

The New UAE Commercial Companies Law

According to an announcement issued on 28 May 2013, the revised form of the UAE Commercial Companies Law (the "New CCL") has been approved by the UAE Federal National Council (the "FNC"). It is now widely anticipated that the New CCL will enter into full force in the final quarter of 2013.

The New CCL has been long awaited and whilst further legislative steps are needed before it comes into force, FNC approval marks the resolution of outstanding discussion points, a number of which have been under debate in the UAE for over a decade. As such, this is a significant step.

Although the New CCL has yet to be publicly issued, we expect that the approved form will be broadly similar to the draft that was widely circulated in April 2011. If this is the case, the New CCL is likely to incorporate a number of changes to the establishment and governance of UAE joint stock companies and limited liability companies. Particular amendments are likely to include the introduction of unified accounting standards that UAE companies must adhere to, and the ability for shareholders of a limited liability

company to pledge their shares to third parties as security.

Whilst we cannot be certain as to the exact form of the New CCL until it is published, what is clear from the FNC announcement is that provisions paving the way for the potential relaxation of current foreign ownership restrictions have been removed. It is expected (but not certain) that this relaxation has been deferred for a separate foreign investment law (the timing for which is uncertain), rather than rejected entirely. It also appears from more recent press reports that the mandatory requirement for a branch of a foreign company to appoint a national service agent has been retained.

The New CCL must now be ratified by the Supreme Council and signed by

the President before publication in the UAE Federal Official Gazette. It will then enter into force on the date stated in the law, which is likely to be three months from the date of publication. Consequently, it is now widely anticipated that the New CCL will enter into full force in the final quarter of 2013, although this timeframe may be subject to further change.

Clifford Chance will issue further updates once the final form of the New CCL is publicly issued. In the meantime, if you would like any further information on the matters covered in this briefing, please contact one of the following Corporate partners: [Mohammed Al-Shukairy](#), [Rupert Harper](#), [James McCarthy](#), [Mike Taylor](#) or [Nigel Wellings](#).

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