

GIBSON DUNN

Mergers & Acquisitions | Private Equity Update

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Recent Amendments to the UAE Commercial Companies Law

This update explains the main changes to the CCL brought about by the Amendment and considers some of the implications which should be assessed by companies and investors.

UAE Federal Decree-Law No. (32) of 2021 Concerning Commercial Companies (the **CCL**) has recently been amended pursuant to Federal Decree-Law No. (20) of 2025 (the **Amendment**). The Amendment was issued on 1 October 2025 and took effect the day following publication in the Official Gazette (which occurred on 14 October 2025).

This update explains the main changes to the CCL brought about by the Amendment and considers some of the implications which should be assessed by companies and investors.

The Amendment introduces several noteworthy concepts and clarifications to the CCL whilst preserving its core structure and is, overall, a welcome development. A number of the concepts introduced in the Amendment will be subject to more detailed implementing regulations that will elaborate upon, and operationalize, the key provisions. Until those new implementing regulations are released, the existing regulations enacted under the CCL will continue to apply insofar as they do not conflict with the Amendment.

Revised articles 3 and 5 clarify that companies incorporated in the UAE's free zones (including the financial free zones in the ADGM and DIFC) may establish branches and representative offices onshore if permitted to do so under the relevant free zone's legislation, in which case the

CCL now expressly applies to their onshore presence. This codifies the 'dual licence' regime which had begun to develop. The amendment to article 9 also expressly specifies that any company incorporated in the free zones will carry UAE nationality.

Amended article 8 contemplates the incorporation of 'onshore' non-profit companies, allowing relevant entities to reinvest net profits to achieve their objectives. Previously, the CCL defined a company by reference to aim of making a profit, and we expect this Amendment to further broaden the UAE's corporate landscape. This specific change is subject to the UAE Cabinet issuing a decision setting out the permitted purposes for which a non-profit company may be established, along with further details regarding the form of these companies and how the CCL will apply to them. At this stage, therefore, it is very much 'wait and see' on this front.

Updated article 14 permits, for the first time, statutory recognition of commonly deployed joint venture mechanics which might take the form of drag-along and tag-along rights. It also allows the articles of a JV to provide for the right of a shareholder to compel other shareholders in the joint venture to sell their shares to a third party if pre-determined conditions are met. This is likely to bolster enforceability of such commercial arrangements, allowing these concepts to be added to the companies' constitutional documents instead of investors being required to rely solely on a private joint venture agreement. The amendments to article 14 also contemplate that a company's constitutional documents may include rules concerning the transfer of shares upon the death of a shareholder. We presume this has been included to help companies and shareholders reduce the risk of disputes relating to inheritance matters – and, interestingly, the Amendment specifically contemplates that the company could actually acquire the relevant shares itself by including a provision permitting this in its constitutional documents. We anticipate these changes will help strengthen shareholder protection, facilitate corporate continuity and enhance procedural efficiency. Companies with these concepts that are currently regulated via a private shareholders' agreement should consider whether they wish to update their constitutional documents to benefit from these latest amendments to the CCL.

Article 32 has been expanded to allow private joint stock companies, with approval from the Securities & Commodities Authority (**SCA**), to offer securities via private placement. The Amendment does not define a private placement (for example, by reference to maximum number of shareholders) and leaves this detail for subsequent regulation by the SCA. On a related note, amended article 266 continues to apply a one-year lock-up period for private joint stock companies (with this period commencing on the date of registration in the commercial register). However, this lock-up period does not apply to private joint stock companies that have offered shares through private placement.

Article 208 has been revised but, conceptually, it continues to allow public joint stock companies to issue different classes of shares, provided this is done in accordance with secondary legislation to be issued by the UAE Cabinet. Importantly, however, article 76 extends the concept of different classes of shares to limited liability companies (LLCs) (e.g. Class A Shares and Class B Shares), with differential rights regarding matters such as voting, redemption, entitlement to profits and liquidation preferences all being referenced (although, as with many other aspects of the Amendment, article 76 reserves the detailed rules for a future Cabinet decision). Depending on the timing and content of such future decision, these changes have the potential to enhance investment attractiveness, particularly for venture capital and private equity arrangements.

Updated article 275 simplifies some of the administrative requirements which formerly applied when a company converted from one legal form to another. For example, when a company converts into a joint stock company, there is no longer a need to submit an application to incorporate a new company nor a requirement to constitute a founders' committee.

Finally, a new article 15 (bis) has been inserted. This is a broad re-domiciliation and continuation provision, allowing companies to transfer their registration between competent authorities (for example, from one Emirate to another) or from the free zones to the mainland, and vice versa. Crucially, this would not impact the company's continuity or legal personality. Further implementing regulations have yet to be issued to specify the process and other applicable controls, and the ability to migrate to and from any particular Emirate or free zone will depend on various matters, such as the relevant rules in both locations allowing the re-domiciliation and regulatory approvals. Companies assessing their group structure and potential optimization should consider new article 15 (bis) is that light.

The following Gibson Dunn lawyers prepared this update: Andrew Steele and Hazim Alfrehat.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding these issues. For additional information about how we may assist you, please contact the Gibson Dunn lawyer with whom you usually work, any leader or member of the firm's Mergers & Acquisitions or Private Equity practice groups, or the authors:

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