

Key Amendments to Commercial Companies Law

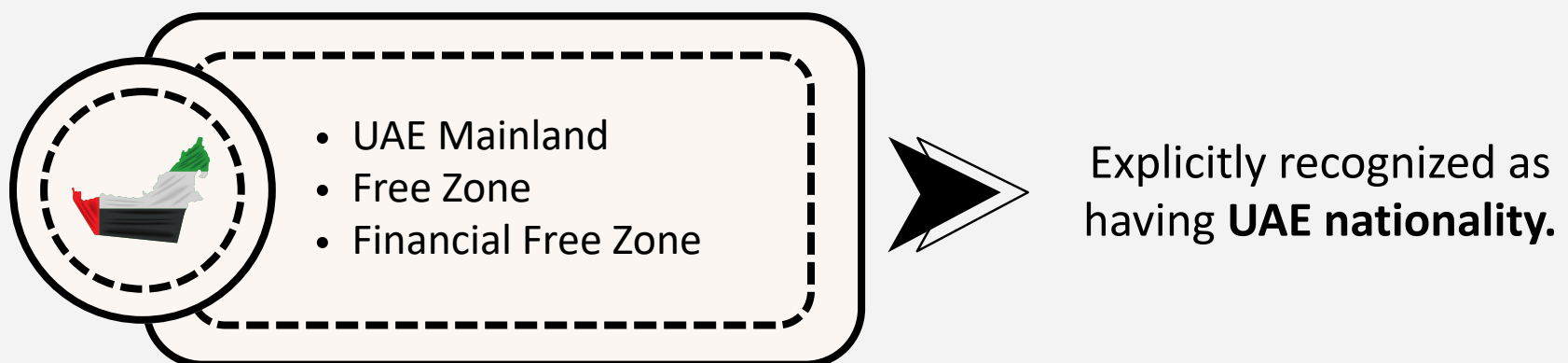
Federal Decree-Law No. (20) of 2025

A landmark update modernising UAE's corporate landscape, strengthening governance, improving flexibility, and enabling expansion across mainland and free zones.

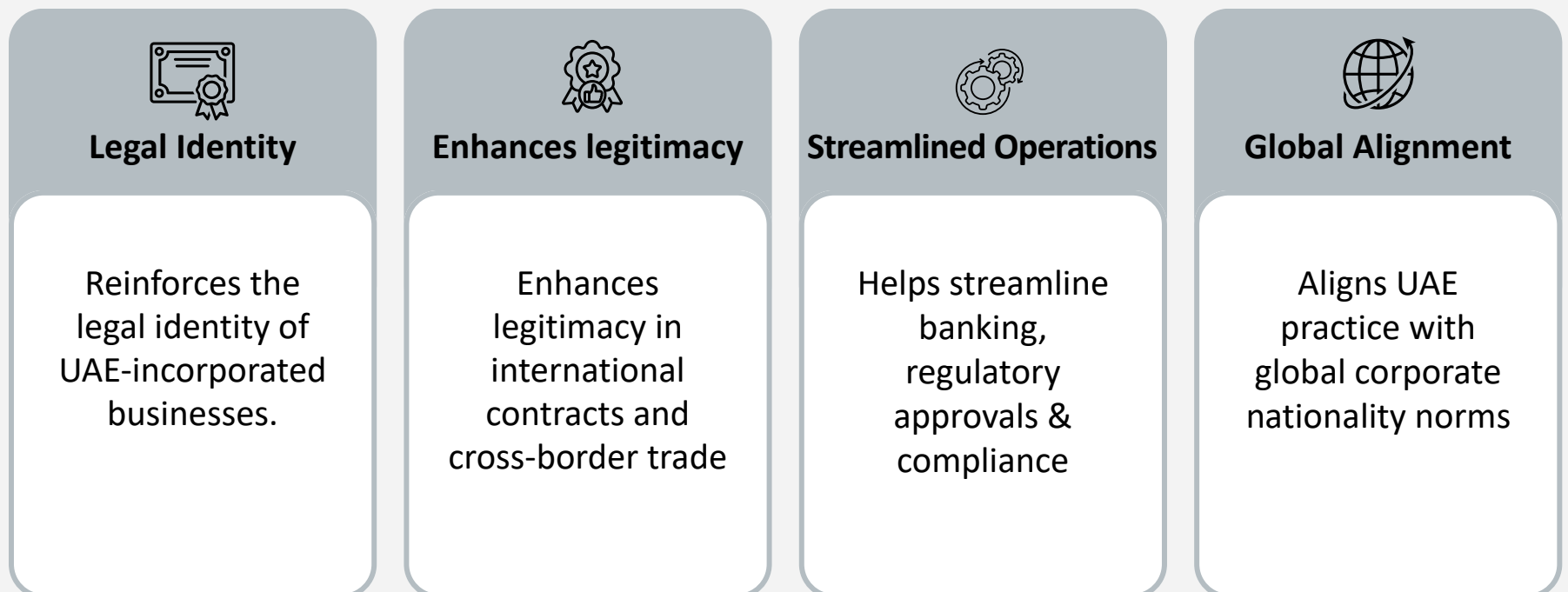



Clarification on Company Nationality (Article 9)

What changed?



Why It Matters



 **Impact:** Clearer, stronger status for UAE businesses in local and global operations.

Relocation of Commercial Registry

What changed?



Companies are now permitted to transfer their commercial registry between different competent authorities, including movements between mainland and free zones (and vice versa), without losing their existing legal personality, ensuring continuity of operations, contracts, and legal status.

Why It Matters



No need for
dissolution or new
incorporation

Companies can shift jurisdiction to optimize:



Regulatory
Requirements




Licensing
Benefits



Cost
Structure



Business
Environment

 **Impact:** Smooth corporate migration enabling growth-oriented re-structuring.

Free Zone Companies Can Expand to Mainland

What changed?



Free zone companies are now permitted to set up branches or representative offices in mainland UAE while keeping free zone status.



Why It Matters



Opens access to the larger UAE market



Expands operational footprint without restructuring



Encourages collaboration between free zone and mainland ecosystems

Impact: Reduced barriers → More growth options for free zone entities.

Enhanced Documentation Flexibility

What changed?

Partners/shareholders of LLCs & Private JSCs can now include in founding documents:

- Drag-along rights
- Tag-along rights
- Mechanisms for handling shares of deceased shareholders

Why It Matters



Stronger investor protection



Smooth exit and succession planning



Alignment with international private equity standards



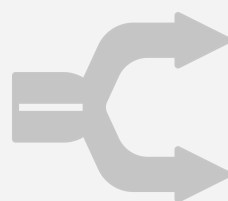
Impact: UAE becomes more attractive for private investments & structured deals.

In-Kind Contribution Standards (Valuation Framework)

What changed?



(with competent authorities) will issue standards for:



Valuation of in-kind (non-cash) contributions



Accreditation of valuers

Why It Matters



Reduces disputes over asset valuation



Introduces consistency & transparency



Safeguards partner rights



Impact: More confidence in capital structuring involving non-cash assets.

Management Continuity Provisions

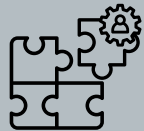
What changed?



If a board of managers' term expires:

1. They can continue for up to 6 months, and
2. If still unresolved, competent authority may appoint managers for up to 1 year.

Why It Matters




No management vacuum



Ensures continuity in operations



Provides orderly transition when renewal delays occur

 **Impact:** Reduced corporate governance risk during leadership transitions.

Modified Lock-Up Periods (Private JSCs)

What changed?

1. Minister can adjust share transfer prohibition periods for Private JSCs
2. Companies that issued shares via private placement on UAE markets are now exempt from lock-up restrictions

Why It Matters



Enhances liquidity for investors



More flexibility during fundraising



Encourages private placements in UAE capital markets

► **Impact:** Balanced investor protection with market efficiency.

New Framework for Non-Profit Companies

What changed?



Why It Matters



Supports social enterprises & impact-driven initiatives



Gives NGOs & foundations a formal corporate structure



Encourages ESG-aligned economic activity

Impact: Boost to UAE's social impact and philanthropic ecosystem.

Private Placement for Private Joint Stock Companies

What changed?

Private JSCs are now explicitly allowed to offer securities via private placement in UAE financial markets.

Why It Matters




Access to sophisticated
investors without full
IPO compliance



More financing options for
scaling companies



Strengthens UAE's
private capital
ecosystem

 **Impact:** A regulated pathway for growth-stage capital raising.

Flexible Share Classes for LLCs

What changed?

LLCs can now create multiple share classes, each with distinct rights:



Voting rights



Dividend rights



Liquidation priority

Why It Matters




Modern capital
structuring



Attracts diverse investor
profiles



Supports venture-style
financing

 **Impact:** LLCs gain flexibility similar to global corporate jurisdictions.

Streamlined Transformation into **Joint Stock Companies**

What changed?



When transforming into
a Joint Stock Company:

1. No need for new incorporation applications
2. No founders' committee formation
3. Existing management handles the entire process

Why It Matters




Faster restructuring



Lower administrative
burden



Encourages high-growth
companies to scale

 **Impact:** Simplified evolution from LLC → JSC → Capital markets.

About Our Corporate Services

- Company formation & restructuring >

- Governance & compliance >

- Shareholder agreements & special rights >

- Valuation of in-kind contributions >

- Free zone ↔ mainland transitions >

- Private placements advisory >



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Our Corporate Services team provides
end-to-end support.



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