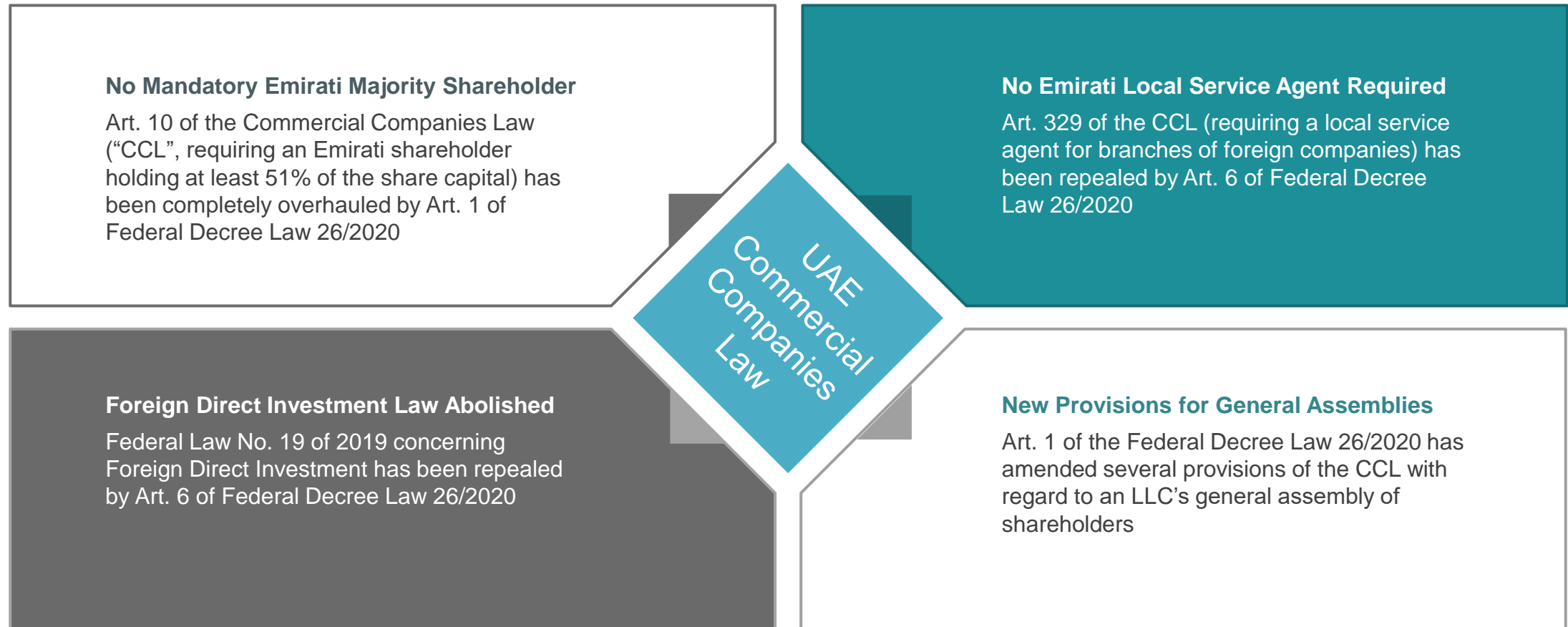


## UAE: FEDERAL DECREE LAW NO. 26 OF 2020 – AT A GLANCE\*

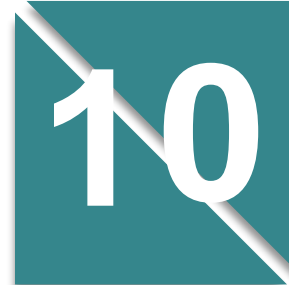


\*Federal Decree Law 26/2020 contains further changes with respect to joint stock companies. It remains to be seen whether these will also apply on limited liability companies.

## UAE Commercial Companies Law

- Requires an Emirati shareholder holding at least 51% of the company's share capital.
- An Emirati national can incorporate a one-person LLC.
- Any shareholder holding at least 25% of the LLC's share capital can request a general assembly.

### Article:



## Main Changes brought about by UAE Federal Decree Law No. 26 of 2020

- A committee, consisting of 2 members from each Department of Economic Development, shall be formed; the committee shall identify “activities with strategic impact” for the UAE.
- Each Department of Economic Development will then decide on the licensing requirements for companies engaged in an activity with strategic impact.
- Any natural or judicial person may incorporate a one-person LLC
- Any shareholder holding at least 10% of the LLC's share capital can request a general assembly.

## UAE Commercial Companies Law

- Invitation to general assembly shall be sent out at least 21 days before the event.
- Invitation to be sent either via registered letter or modern technological methods as specified in MoA.
- Quorum for first general assembly meeting: at least 75%.
- First adjourned meeting within 14 days from first meeting
- Quorum at first adjourned meeting: at least 50%.
- Second adjourned meeting within 30 days from second meeting.
- Quorum during second adjourned meeting valid irrespective of number of partners present.
- No provisions for an emergency capital increase.

### Article:

93

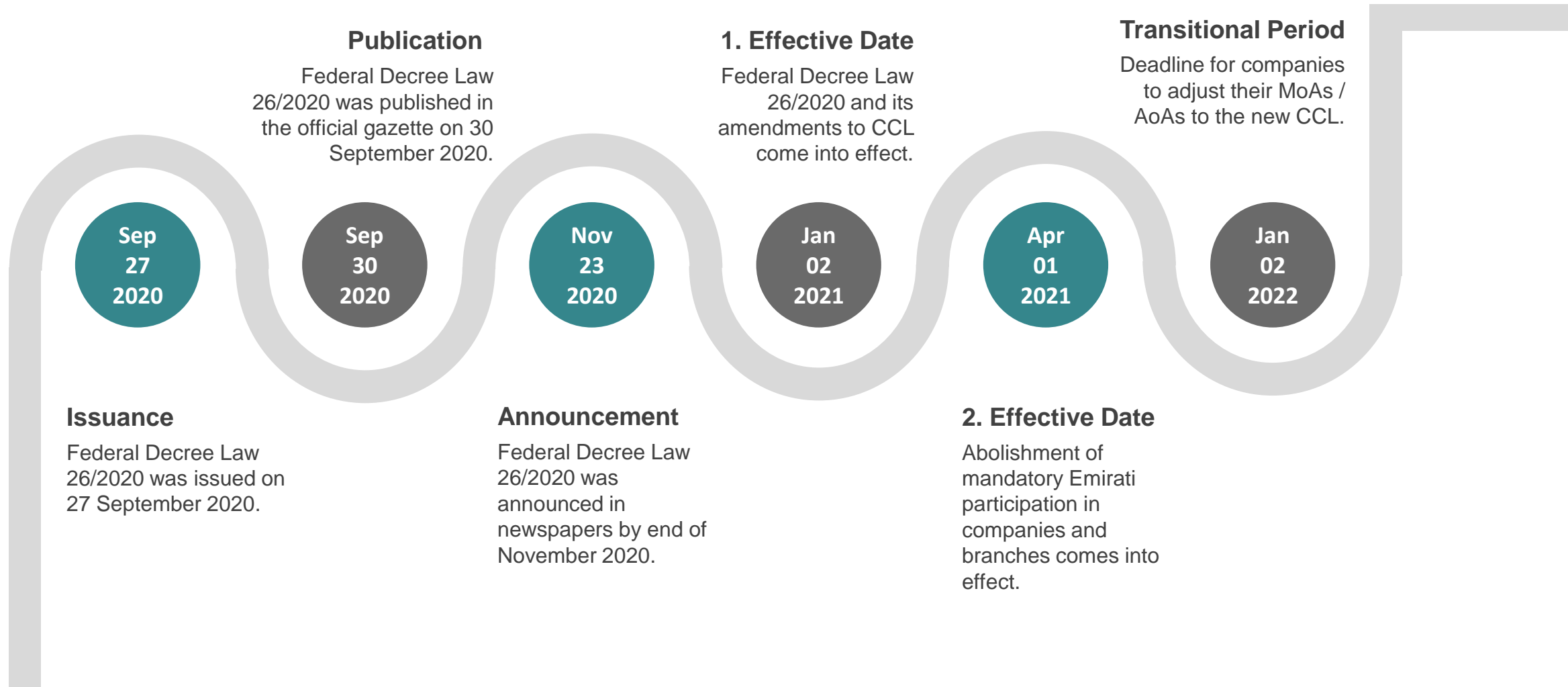
96

101

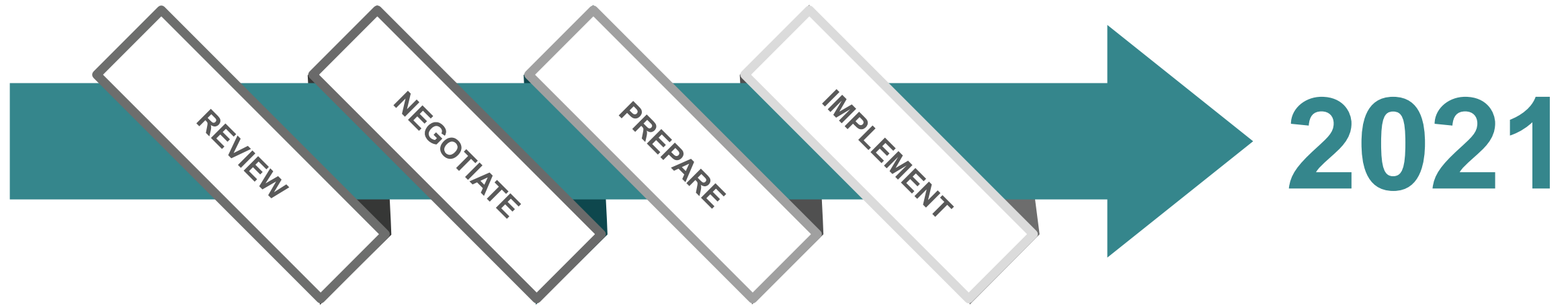
## Changes brought about by UAE Federal Decree Law No. 26 of 2020

- Invitation to general assembly to be sent at least 15 days prior the meeting
- Invitations to be sent via registered letter or by any means provided in the MoA
- General assembly can be held via modern technology methods
- Quorum for first general assembly meeting: at least 50%
- Adjourned meeting within 15 days from first meeting (but at least after 5 days)
- Quorum for adjourned meeting valid irrespective of number of partners present, unless the MoA provides for a specific quorum
- Any shareholder can apply for an emergency capital increase with the courts for a summary judgement
  - a) if it is required to stop liquidation or paying the LLC's debts;
  - b) majority of 75% for MoA amendment cannot be reached
- Applying shareholder shall have the right to pay up the increased share capital on behalf of defaulting shareholders against respective share allocation

## UAE Federal Decree Law No. 26 of 2020



## UAE Federal Decree Law No. 26 of 2020



01

### Review

Review and assess existing corporate agreements with Emirati partners in terms of obligations to sell back shares to foreign partner.

02

### Negotiate

Even if there is an obligation for Emirati shareholder to sell back shares, negotiations should be initiated.

03

### Prepare

Prepare all required amendments and resolution on time and have them ready for execution.

04

### Implement

2 January 2021, except for changes re. Emirati participation which will come into effect on 1 April 2021 and subject to the implementation details (to be announced by DED).