

Client Alert

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Below is a table setting out a summary of the most notable amendments to the Companies Law:

Article No.	Previous Law (Federal Law No. 2 of 2015)	New Law (Federal Decree Law No. 26 of 2020)
10	Percentage of Ownership The Previous Law imposed a restriction on foreign ownership by requiring a minimum Emirati ownership of 51% in the capital of any onshore company.	Activities with Strategic Impact The New Law repeals the restriction on foreign ownership, enabling certain foreign entities to own 100% of an entity operating onshore. The New Law also grants U.A.E. authorities the power to determine that certain economic activities with "strategic impact" will remain subject to some minimum level of Emirati capital participation. Each Emirate is expected to release a list of business activities that may be carried out by a 100% foreign-owned entity.
11	Practicing Activity Under the Previous Law, it was only permissible for public joint-stock companies to invest funds on behalf of a third party.	Practice of the Activity The New Law abolishes the requirement that only public joint-stock companies can invest funds on behalf of a third party.
71	Company Definition Under the Previous Law, companies with a sole shareholder could only be owned by a UAE national (or by a company owned by a UAE national).	Definition of the Company Under the New Law, companies with a sole shareholder no longer need to be owned by a UAE national (or by a company owned by a UAE national).
92	Formation and Convening of General Assembly Under the Previous Law, shareholders were required to own no less than a quarter (25%) of the capital in a company to request a general assembly.	Forming and Convening the General Assembly The New Law requires that, upon the request of one or more shareholders who hold at least 10% of the shares in the company, the directors of a company must circulate an invitation to convene a general assembly.
93	Announcement of the General Assembly Call for Meeting Under the Previous Law, an invitation for a general assembly was required to be made by registered mail or any other means stipulated by a company's memorandum of association at least 15 days prior to the general assembly within a period agreed upon by all shareholders.	Notification of the Invitation to the General Assembly Meeting The New Law introduces the following changes in respect of invitations to a general assembly: <ul style="list-style-type: none">• The invitation must be sent at least 21 days prior to the meeting;• The invitation can be sent via registered letter or by any means provided in the company's memorandum of association; and

Article No.	Previous Law (Federal Law No. 2 of 2015)	New Law (Federal Decree Law No. 26 of 2020)
		<ul style="list-style-type: none"> In view of COVID19, a general assembly can be held via methods of modern technology.
112	<p>Founder Committee</p> <p>Under the Previous Law, each of the founder committee, consultants, delegates and any other parties participating in the incorporation procedures could each be held liable for the soundness, accuracy and completion of all documents, studies and reports submitted to the concerned authorities with regard to the process of the incorporation, licensing and registration of the company.</p>	<p>Founders' Committee</p> <p>The New Law removes the liability of a company's consultants, delegates and any other parties participating in the incorporation procedures in respect of the "accuracy, soundness and completeness" of documents, information and reports submitted to authorities during the incorporation process. This obligation now lies solely with the founders committee of the company.</p>
151	<p>Directors Nationality</p> <p>Under the Previous Law, there was a requirement for the majority of directors to be U.A.E. nationals.</p>	<p>Nationality of the Members of the Board of Directors</p> <p>Under the New Law, the requirement of having a majority of the directors as UAE-nationals has been limited to the companies that will be practicing activities with a "strategic impact."</p>
329	<p>Foreign Company Agent</p> <p>The Previous Law required all branches of foreign companies to have a U.A.E. service agent.</p>	<p>The New Law revokes this requirement.</p>