



Early Experience with the New UAE Merger Control Regime

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In April 2025, the UAE introduced a major reform to its merger control regime by introducing new revenue-based threshold that apply alongside the existing market share threshold. This expanded the scope of application of the UAE merger control regime drastically. Under the amended law, any transaction qualifying as an economic concentration is subject to notification if the parties collectively achieve turnover of at least AED 300 million (approx. USD 81 million) in the relevant market in the UAE. Following this amendment, we have seen a stark increase of filings in the UAE. This client briefs looks back at the first months of the new regime being applied by the Competition Department at the UAE Ministry of Economy.

From market share to revenue threshold

Prior to the amendment, the UAE's 40% market share threshold meant that only transactions involving considerable market positions were notifiable. Consequently, the old UAE merger control regime was largely inactive. The introduction of a revenue-based test significantly broadened the scope. This together with the role of the UAE as a hub for foreign investment in the MENA region, caused a substantial number of foreign-to-foreign transactions to trigger a merger control notification obligations under the new UAE regime. Still, not all transactions that meet the threshold need to be notified. When assessing whether a filing is required, the UAE authority will only consider the revenue of the parties in the 'relevant market' in the UAE. Hence, the UAE regime does not consider the overall revenue of the parties in the UAE. Instead, the parties must define the relevant product market(s) for the transaction. Only if their combined revenue in the UAE in this/these product markets meet the AED 300 million

threshold do the parties need to notify the transaction to the Competition Department.

The relevant market for this purpose is defined by the target's worldwide offering. Hence, the UAE authority will consider all UAE turnover of acquirer and target in any market the target is active in in any geographical market worldwide. That the target is active in these markets in the UAE is not required. Hence, for example, if a manufacturer of combustion engine and electronic vehicles seeks to acquire a company that produces only electronic vehicles, and the target does not sell any product to the UAE, a filing would be required, if the acquirer has sales of electronic vehicles exceeding AED 300 million in the UAE. If the acquirer does not meet this threshold with electronic vehicle sales but does meet it with combustion engine vehicle sales, a filing is not required. Since the target is only active in the electronic vehicles market, the acquirer's combustion engine vehicles sales in the UAE are not relevant whether the threshold is met. However, if the acquirer meets the threshold with electronic vehicle sales a filing is required, even if the target is not active in the UAE at all.

Uncertainties remain

The Executive Regulations to the UAE Competition Law are still pending. Also, the Competition Department has not issued comprehensive guidelines to date. Also, there is little precedence so far, given that the new regime is only in force since approx. Seven months. Hence, some aspects remain untested.

Initially, the authority was comparatively lenient when it came to formalities. They accepted filings as complete, even if only the powers of attorney were legalized. While the other documents had to be translated to Arabic, they did not require them to be legalized. This practice appears to have been abandoned. Since September of this year the authority consistently requires all documents submitted to be (1) fully legalized for use in the UAE, and (2) where the original document is not

in Arabic, translated to Arabic by a legal translator licensed in the UAE. This requirement will be burdensome in foreign-to-foreign transactions. Still, the Competition Department will conduct their review on non-legalized documents submitted in English or Arabic. Hence, the review can be progressed even while the parties are working on fulfilling the formal requirements. Still, formalized and translated documents must be submitted before clearance.

Furthermore, the change of control test under the new UAE regime remains somewhat unclear. The UAE Competition Law does not go into detail on what constitutes change of control under the UAE merger control regime. Clarification is expected to be provided by the Executive Regulations. However, these have yet to be issued. In practice, the authority appears to rely on a concept of decisive influence similar to that applied by the European Commission.

The practice of the European Commission is also influential in other aspects. Unofficial guidance provided by the Competition Department suggests that the authority will not require notification of non-full function joint ventures and apply similar standards as the European Commission. Still, officials of the Competition Department have pointed out that in lieu of official guidelines from the Competition Department, this guidance should not be understood as binding. The authority or the legislator may choose to take a different approach in the future.

Review times

Review times continue to be an issue with the UAE merger control regime. While Competition Department staff is generally open to engage

with parties and their counsel, they are currently dealing with understaffing. This results in them not being able to address filings and requests quickly. Hence, parties contemplating transactions that require notification under the UAE merger control regime must allow for time to procure clearance from the Competition Department. Review times have improved over the last months. Still, in practice, parties should expect review times of between 4 to 5 months as of initial outreach to the authority. Where long stop dates and ticking fees are negotiated, parties may wish to allow for more time.



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