Changes to the UAE Commercial Companies Law: Key Points for Businesses

Client briefing | Corporate
UAE | Recent Changes to the UAE Commercial Companies Law
14 December 2025

At the beginning of December, the UAE legislator issued Federal Decree-Law 20/2025, amending key provisions of Federal Decree-Law 32/2021 on Commercial Companies. The changes continue the UAE's gradual move toward incorporating common law concepts into its traditionally civil law-based corporate framework.

They introduce additional tools for shareholder arrangements, capital structuring, and corporate transformations, and aim to better connect the corporate law regimes of the onshore UAE, free zones, and financial free zones. While the reforms are positioned as modernizing measures, businesses should focus less on the label and more on how these changes affect control, transaction execution, and liability exposure.

Expanded scope for shareholder arrangements

The amendments give shareholders greater freedom to structure governance and economic rights through contractual arrangements. This includes wider discretion to agree on voting mechanisms, dividend policies, transfer restrictions, and exit provisions that differ from statutory defaults. This shift aligns the UAE more closely with common law jurisdictions, where shareholder agreements play a central role in allocating control and risks. However, the amendments do not remove mandatory legal protections, particularly for minority shareholders. Following these amendments, shareholder agreements will increasingly determine outcomes in disputes. Companies relying on template or legacy agreements should expect gaps and Inconsistencies.

Capital structuring and financing flexibility

The amendments broaden the available means to adjust the registered share capital of Saudi companies. Thereby the amended law offers companies more tools to manage funding rounds, internal reorganizations, and make balance sheet adjustments. This may support private equity investments, venture capital financing, and shareholder exits. At the same time, procedural safeguards remain embedded in the law, including approval thresholds and creditor protection mechanisms. These changes do not eliminate execution risk. Companies should expect continued regulatory scrutiny, particularly where capital actions affect creditor rights or minority interests. Early legal structuring remains essential.

Corporate transformations and reorganization options.

The amendment expand pathways for mergers, demergers, and corporate transformations, including restructuring across different legal forms and jurisdictions within the UAE. This reflects a push toward greater mobility within the corporate ecosystem.

In theory, this enables group reorganizations without unnecessary liquidation or re-incorporation. In practice, coordination between regulators will remain a decisive factor.

Governance standards and director exposure

The amendments reinforce director and manager duties, continuing the trend toward higher governance standards. Directors are expected to act with greater diligence, manage conflicts more proactively, and ensure decisions are defensible and well documented. Liability is increased where governance processes are informal or poorly recorded.

This is particularly relevant for family-owned businesses and closely held companies transitioning to institutional ownership. Boards should review decision-making protocols, delegation frameworks, and record-keeping practices. Governance failures are increasingly difficult to defend after the fact.

Interplay between onshore, free zone, and financial free zone regimes.

The amendments seek to reduce friction between the UAE's parallel corporate regimes. While the amendment of the onshore corporate regime moves toward greater alignment, it stops short of full harmonization. Different authorities retain discretion, and implementation will vary by regulator and sector. Businesses operating across regimes must continue to manage overlapping compliance obligations

Hence, companies should validate restructuring and governance strategies with each relevant authority.

Way forward

The amendments give companies more contractual and structural flexibility. Still, they do not simplify corporate life in the UAE. Instead, it shifts risk away from rigid statutory rules and toward documentation quality, governance discipline, and execution planning. For businesses, this means greater freedom to structure ownership, financing, and reorganizations. However, it also means greater exposure where agreements are poorly drafted, approvals are mishandled, or board decisions are inadequately documented. The law rewards preparation and penalizes informality.

Companies should review shareholder arrangements, governance processes, and capital structures now, focusing on enforceability and regulator expectations. Those that prepare will benefit from greater flexibility. Those that do not will face uncertainty during deals, disputes, or exits.

AHMED ABDELGWAD

Associate
ahmed.abdelgwad@bremerlf.com

Ahmed is an associate of the region law firm BREMER and part of the firm’s Antitrust & Merger Control team. He represents parties in antitrust investigations and advises international corporations and PE firms on M&A transactions including merger control review in Egypt and the broader MENA-region.

NICOLAS BREMER

Partner
nicolas.bremer@bremerlf.com

Nicolas is a partner and attorney with the regional law firm BREMER where he heads the firm's Antitrust & Merger Control team. He oversees the firm's Riyadh and Cairo representations and has extensive experience in advising international and domestic clients on merger control and antitrust matters as well as broader regulatory M&A matters in Saudi Arabia, the UAE, Egypt and the wider Near and Middle East. He works in English, Arabic and German languages.

Ahmed Abdelgwad
Associate
Ahmed.abdelgwad@bremerlf.com

Ahmed is an associate of the region law firm BREMER and part of the firm's Antitrust & Merger Control team. He represents parties in antitrust investigations and advises international corporations and PE firms on M&A transactions including merger control review in Egypt and the broader MENA-region .