

Company & Commercial - United Arab Emirates

Recent Amendments to DIFC Companies Law

December 14 2009

[Amendments to Companies Law](#) [Comment](#)

On September 18 2009 the Dubai International Financial Centre (DIFC) announced amendments to the DIFC Companies Law (2/2009). Notable amendments include:

- new approval requirements for the adoption of non-prescribed articles of association for all limited liability companies in the DIFC;
- changes to how shareholders and directors may participate in meetings; and
- new filing requirements for foreign companies.

Minor amendments were also made to the DIFC Insolvency Law (7/2004) to reflect the amendments to the Companies Law and previous amendments to the Insolvency Regulations.

Amendments to Companies Law

Prescribed articles of association

The DIFC Regulations prescribe a standard form of articles of association for any DIFC limited liability company. Previously, only the DIFC registrar of companies reviewed the articles of association before incorporation (or amendments thereto), whether in the standard form or otherwise.

Article 12(4) of the Companies Law now stipulates that if a DIFC limited liability company does not adopt the standard articles in their entirety, but instead adopts different articles of association, the company must submit the articles of association to the DIFC registrar of companies for approval, together with a written legal opinion issued by an external legal adviser stating that the articles of association proposed to be adopted comply with the requirements of the Companies Law. Article 12(5) also extends the requirement for a written legal opinion for all subsequent amendments to the articles of association after incorporation of the company.

Shareholder and director meeting participation

Articles 61(1) and 61(2) of the Companies Law have been amended to state that shareholders and directors of a DIFC limited liability company may participate in meetings by telephone or by other similar means of communication.

Branch office annual filing requirements

The DIFC previously required a branch office of a foreign company to file a DIFC annual return with the office of the registrar of companies. The amendments to Article 116(1)(d) provide that DIFC annual returns are no longer required to be filed by branch offices of foreign companies. Instead, branch offices must file with the registrar of companies a copy of the annual return filed by their head office or parent company at the time of each home filing.

Comment

On initial consideration, a legal opinion for the articles of association may seem like an onerous requirement; however, this additional requirement allows DIFC limited liability companies to consider departures from the standard articles in order to satisfy shareholders and directors. This change, together with the amendments to meeting and filing requirements, have simplified process and filing obligations to bring the DIFC Companies Law further into line with recognized international practices.

For further information on this topic please contact [Pier Terblanche](#) at Taylor Wessing (Middle East) LLP by telephone (+97 14 332 3324), fax (+97 14 332 3325) or email (p.terblanche@taylorwessing.com).

The materials contained on this website are for general information purposes only and

Author

[Pier Terblanche](#)



are subject to the disclaimer.

ILO is a premium online legal update service for major companies and law firms worldwide. In-house corporate counsel and other users of legal services, as well as law firm partners, qualify for a free subscription. Register at www.iloinfo.com.



Official Online Media Partner to the International Bar Association
An International Online Media Partner to the Association of Corporate Counsel
European Online Media Partner to the European Company Lawyers Association

© Copyright 1997-2009 Globe Business Publishing Ltd