

LEXIS MIDDLE EAST  
**LAW ALERT**

تشريعات الشرق الاوسط

January/February 2025

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New UAE Bankruptcy Law Regulations

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# BEGINNING AND THE END

**G**overnments across the region have ambitious and well publicised strategic plans in place to build their economies. They have realised too that in order to achieve this, it is vital they are able to attract foreign investors. At one end of the scale, it is necessary to make it as easy as possible for foreign investors to set up new businesses and expand existing ones. In the past that has not always been a simple process in this region - and foreign investors have complained of the large numbers of different bodies and agencies they have had to deal with, the complexity of administrative processes and the need to be physically present - all of which can make establishing a new business an expensive and time consuming undertaking. In this issue we look at changes which have been brought in, in Saudi Arabia where there is new legislation simplifying company registration and tradename procedures. It will also be possible to use new electronic platforms when carrying out these procedures, which is another positive development. However, when it comes to attracting foreign investors it is not just how easy it is to set up a business that matters. What happens when companies come to the end of their lives - and insolvency and bankruptcy occurs is also key to building the trust of foreign investors in a jurisdiction. That means having a robust, modern insolvency regime in place. In 2023 the UK issued a new Financial Reorganisation and Insolvency law, Federal Decree-Law No. 51/2023 and in this issue we look at the next stage in this process, as the Implementing Regulations which provide the detail of how this new law will work in practice have now been issued. These regulations (see Cabinet Decision No. 94/2024) explain how to start proceedings under Federal Decree-Law No. 51/2023, the role of the financial services regulators and also provide details on the new bankruptcy register. These clarifications and new simplified procedures for small debtors should help build that all important confidence.

Claire Melvin - Editor

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# THE IMPACT ON INSOLVENCY

Rahat Dar of Afridi & Angell explains the impact the new Bankruptcy Law Implementing Regulations will have on the UAE insolvency regime.

“Cabinet Decision No. 94/2024 on the Implementing Regulation of the Financial Restructuring and Bankruptcy Law has now been issued and provides the final details on the operation of the UAE bankruptcy regime which was introduced under Federal Decree-Law No. 51/2023 Promulgating the Financial Reorganisation and Bankruptcy Law,” states Rahat Dar. “These include further clarification on the requirements for initiating proceedings under Federal Decree-Law No. 51/2023, the role of the financial services regulators and details on the new bankruptcy register.”

## REVISED DEBT THRESHOLDS

“One of the key points is that Cabinet Decision No. 94/2024 has introduced a substantial increase to the debt thresholds required to initiate bankruptcy proceedings under Federal Decree-Law No. 51/2023,” Rahat Dar states. “These changes are a significant



**Rahat Dar**  
Afridi & Angell

departure from the earlier framework.”

“Unsecured creditors must now show outstanding debts of at least one million or ten million AED if the debtor is regulated by the UAE Central Bank or the Securities and Commodities Authority (SCA) in order to initiate bankruptcy proceedings,” Rahat Dar explains. “This is in contrast to the 100,000 AED threshold under the old bankruptcy law, Federal Decree-Law No. 9/2016, which was repealed by Federal Decree-Law No. 51/2023.”

“The conditions for secured creditors or mortgagees, are also equally stringent,” Rahat Dar adds. “A single secured creditor can initiate restructuring or bankruptcy proceedings if the aggregate value of securities is one million AED less than the debts owed. In addition, in cases involving multiple creditors, securities must fall short by five million AED, and a shortfall of ten million AED is needed for entities regulated by the Central Bank or the SCA. Debtors seeking to file for bankruptcy also now face higher requirements.”



© Getty images/Stockphoto

“A natural person must now have debts of at least 300,000 AED in order to file for bankruptcy, legal entities require debts of 500,000 AED, and regulated entities must demonstrate debts of five million AED,” Rahat Dar continues.

“This is a significant increase from the limits under Federal Decree-Law No. 9/2016, which allowed debtor-led bankruptcy filings if payments were overdue for 30 days due to financial difficulties.”

“The rationale behind these increased thresholds may be partly due to a wish to discourage frivolous filings,” Rahat Dar states, “However, these changes could lead to unintended consequences, as the new limits may restrict both debtors and creditors from accessing an orderly winding-up process for a bankrupt company in certain situations.”

“While under Federal Decree-Law No. 9/2016, a company with no prospect of rescue could apply for a debtor-led bankruptcy regardless of the debt amount, a company must now have debts of over 500,000 AED or five million AED if they are a regulated entity to do so,” Rahat Dar adds. “This means companies with

## RELEVANT LEGISLATION

### Article 7 of Cabinet Decision No. 94/2024

The regulatory authority may file an application with the Bankruptcy Department to initiate the proceedings for restructuring any debtor subject to its control or to declare his bankruptcy, provided that the value of the debt that he has ceased to pay or would be unable to repay when due is not less than 500,000 dirhams.

(Source: Lexis Middle East Law)

debts below these thresholds may have no choice but to continue operating, potentially increasing the risks for their management and owners, including penalties for mismanagement or civil claims from creditors.”

“There could also be issues for smaller creditors as a result of these new regulations including the need to wait until their debts are over one million AED or 10 million AED for regulated entities or team up with other creditors to meet the combined threshold which could put them under considerable financial pressure. This could delay justice for some creditors and complicate

**RELEVANT NEWS**

**UAE Unveils New Bankruptcy Law with Key Lease Provisions**

Under Federal Decree-Law No. 51/2023 if a debtor is a lessee of the property in which it conducts business, the lease agreement shall continue to be effective, and any condition to the contrary shall be void. A trustee, who is a natural or a legal person appointed by the Bankruptcy Courts to carry out bankruptcy proceedings in line with powers conferred on them under Federal Decree-Law No. 51/2023 may, within 60 days following the date of issue of the decision to initiate bankruptcy proceedings, decide to terminate the lease agreement in respect of the property in which the debtor practices its business, after obtaining permission from the Bankruptcy Court. In this case, the Trustee must notify the lessor of this decision within the period.

access to bankruptcy proceedings.”

**DEPOSIT AND BANK GUARANTEE**

“Another area of change as a result of the introduction of Cabinet Decision No. 94/2024 has been a revision of the amount of money or bank guarantee that an applicant must submit to the Bankruptcy Court treasury, in order to cover the costs associated with the initial application review,” Rahat Dar states.”

“Cabinet Decision No. 94/2024 now requires debtor or creditor applicants (other than the UAE Central Bank or the SCA) to provide a payment or bank guarantee which represents 5% of the debtor’s total debts owed to the creditor or 5% of the debtor’s total debts or assets as of the application date. Under Federal Decree-Law No. 9/2016, the amount of deposit money or bank guarantee required for creditors was capped at 20,000 AED.”

“It should also be noted that deposit money or bank guarantee amounts are now uncapped which could also act as a barrier for some companies to access UAE Bankruptcy Law proceedings. In particular, smaller creditors may find it difficult to deposit the required money or bank guarantee,

especially if their financial position has deteriorated due to their debtor’s default.”

**REGULATORY AUTHORITIES**

“Another change is that the UAE Central Bank and SCA have now been identified as ‘Supervisory Entities’ under the UAE bankruptcy regime,” Rahat Dar explains. “They will be responsible for implementing the Bankruptcy Law for entities they supervise. Given the key role regulated entities (particularly banks and insurance companies) play in the economy, it is appropriate they are now being treated as a separate category under Federal Decree-Law No. 51/2023. It makes sense that these two bodies will oversee their bankruptcy proceedings, as they usually have the most detailed information on the operations and financial conditions of these types of entities.”

**THE REGISTER**

“Another area where Cabinet Decision No. 94/2024 has provided more detail has been on the information which will now be recorded in the bankruptcy register maintained by the Bankruptcy Unit. This register will record applications submitted and actions taken by the Bankruptcy Court, as well as information about the bankruptcy proceedings, parties and trustees/

controllers (the Register).” Rahat Dar adds. “In order to access information from this Register, interested parties will have to submit an application to the Bankruptcy Unit, specifying the information they want and the reasons for the application.”

“This application will be subject to the approval of the Minister of Justice (or their representative),” Rahat Dar adds. “The ability to access information on a bankruptcy application or case will help provide greater clarity and transparency on a bankruptcy but the fact that such access is limited to interested parties who are able to demonstrate legitimate reasons for requesting the information (and this will also be subject to both the Bankruptcy Unit and Minister of Justice’s interpretation and discretion), suggests that access to the information in this Register will be limited to parties with a direct interest in the specific bankruptcy action.”

**SMALL CLAIMS PROCEDURES**

“Federal Decree-Law No. 51/2023 introduced new simplified procedures for ‘small debtors’, but did not define what would constitute a small debtor,” Rahat Dar.

“One welcome change is that Cabinet Decision No. 94/2024 has now defined small debtors as those whose assets value does not exceed one million AED, in the case of a natural person, or two million AED, in the case of a legal entity. In such cases, the Bankruptcy Court can, either on its own initiative or in line with applications filed by the debtor, trustee or a creditor, order that a preventive settlement, restructuring or bankruptcy proceedings be initiated in line with procedures set out in Federal Decree-Law No. 51/2023. This should help ensure most of the bankruptcy proceeds are channelled to creditors, instead of being applied on administrative costs.”

**APPROVAL AND ASSET AUCTION**

“Under Federal Decree-Law No. 51/2023, debtors must obtain trustee approval for specific actions during restructuring in order to safeguard creditors’ interests,” Rahat Dar explains.

“These actions include granting or renewing guarantees, paying or pre-paying debts, forming subsidiaries or acquiring shares, transferring assets outside ordinary business, and waiving legal claims or settling financially. This will prevent actions that could undermine restructuring efforts.”

Cabinet Decision No. 94/2024 has also outlined the procedures for auctioning a bankrupt company’s assets,” states Rahat Dar.

“A court-approved liquidation plan and valuation shall determine the base price, except for securities governed by market-specific regulations. Auctions will be advertised in Arabic and English at least five business days in advance, and it will be possible for bids to be submitted electronically or in sealed envelopes.”

# Opportunities in the Middle East with Jameson Legal

Jameson Legal is an international legal recruitment company founded in 2010, with specialist divisions for private practice, in-house, interim, and legal tech. We act for client law firms and companies and advise qualified lawyers from NQ to equity partner level, as well as paralegals, compliance professionals, and legal tech professionals.

## Saudi Arabia

### Corporate Commercial In-House Counsel

Our prestigious global client is seeking a talented Corporate Commercial In-House Counsel to join their Riyadh-based team. This role offers a unique opportunity to work with a leading international organisation and collaborate closely with the Head of Legal (KSA). The ideal candidate will possess a strong corporate commercial background, be fluent in both Arabic and English, and bring extensive experience from the UAE and the broader GCC region.

Ref: TME-PM-16443

## Saudi Arabia

### Legal Director (Project Lawyer)

Our client, a distinguished conglomerate, is presenting an exceptional opportunity for a seasoned Project Lawyer to join their legal team in Saudi Arabia. This position focuses on providing legal expertise for power and water projects. Ideal candidates should possess over 8 years of relevant experience, with GCC experience being advantageous but not essential.

Ref: SSK-IM-16225

## UAE

### Head of Legal (E-commerce)

Following rapid growth, our global client is seeking a highly skilled Head of Legal to lead their legal function in Dubai. This role offers a compelling blend of corporate responsibilities, alongside drafting and negotiating commercial contracts in areas such as intellectual property, advertising, and payments. This is a fantastic opportunity for a lawyer with at least 8 years of experience and a deep understanding of the UAE legal landscape.

Ref: RPG-IM-16431

## Abu Dhabi

### Compliance Officer

A leading global investment and asset management firm is looking to hire an experienced Compliance Officer to oversee the compliance program for their Abu Dhabi operations. Reporting directly to the Group Chief Compliance Officer, the successful candidate will bring over 7 years of compliance experience within the financial services sector, ideally in investment or asset management.

Ref: MBP-IM-16304

## Qatar

### Senior Counsel (Infrastructure)

A prominent oil and gas company with an outstanding reputation is seeking a Senior Counsel to support its infrastructure and projects teams, with a primary focus on construction. The ideal candidate should hold qualifications from Germany, Austria, or Switzerland and possess a minimum of 12 years of experience specialising in construction and project law within the energy sector. This role offers an excellent opportunity to contribute to major projects in a dynamic industry.

Ref: IJR-IM-16369

## Saudi Arabia

### Project Development Associate

Our client, a prestigious US-based law firm, is seeking a motivated Associate to join their Riyadh team. This role provides an excellent platform for ambitious lawyers to advance their careers, working alongside esteemed partners on high-calibre matters for top-tier clients. Only KSA nationals will be considered for this position.

Ref: MXY-PM-15218

## Abu Dhabi

### Corporate Lawyer

A highly regarded law firm in Abu Dhabi is seeking to recruit a mid-level Corporate Lawyer. This role involves handling a diverse range of corporate and regulatory matters while collaborating with esteemed partners. The ideal candidate will have at least 3 years of experience with an international law firm and a solid background in transactional practice.

Ref: MXY-PM-16393

## Middle East

### Transformation Consultant

Our client, a leading global legal tech consultancy, is seeking a skilled Transformation Consultant to join their team at one of their Middle East locations. The role involves spearheading large-scale, enterprise-wide CLM implementations. The ideal candidate will bring proven experience in similar engagements and a strong track record of working with widely adopted legal technologies.

Ref: PML-PL-16284


For more information or to discuss any of these roles please contact Iain Rainey at [iain.rainey@jamesonlegal.com](mailto:iain.rainey@jamesonlegal.com), or Jeremy Small at [jeremy.small@jamesonlegal.com](mailto:jeremy.small@jamesonlegal.com).

# LEGAL ROUND-UP

COVERING RECENT KEY LEGAL DEVELOPMENTS – REGION-WIDE

UAE

## DNFBPS AND ANTI-MONEY LAUNDERING


 The UAE Ministry of Economy has issued a new Implementation Guide for Designated Non-Financial Businesses and Professions (DNFBPs) to help them combat money laundering, terrorist financing, and proliferation financing. Version 0.3.1.1 of the guide focuses on Customer Risk-Assessment (CRA), urging DNFBPs to assess client profiles, geographic locations, and transaction types in order to determine necessary due diligence. Developed with the DNFBPs' Working Group, it distinguishes between Customer and Institutional Risk Assessments and includes defining risk factors, establishing risk levels, and creating a risk matrix.

DUBAI

## VASP COMPLIANCE

 Dubai's Virtual Assets Regulatory Authority (VARA) has issued new compliance regulations for Virtual Asset Service Providers (VASPs). The regulations require VASPs to adhere to updated Anti-Money Laundering (AML) rules, especially in relation to high-risk jurisdictions flagged by the Financial Action Task Force (FATF) and implement Enhanced Due Diligence for high risk transactions in these jurisdictions. VASPs should comply with mandatory rulebooks, in particular Compliance and Risk Management Rulebook. VARA has strengthened its enforcement work and has recently issued fines and cease and desist orders to seven entities operating without the required licences. VASPs must regularly verify lists and updates from both the FATF and the UAE's National Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations Committee.

## INSTALMENT REQUESTS

 The Dubai Courts have issued a circular on the requirements for


accepting instalment requests. These requests should first be referred to the Settlement Department for review. They review the request and attempt to negotiate a settlement between the parties. If a settlement cannot be reached, the conditions for accepting the instalment request is verified, and the request is forwarded to the relevant authority. In order for an instalment request to be considered, a payment of an initial instalment of 20% of the outstanding amount must be made before submitting the request. An advance payment is not considered as final acceptance of the instalment plan. Proof of monthly income is also needed, including a salary certificate or an income statement from any other source. Those making these requests must also submit bank statements for the last six months, documents proving asset ownership, provide a declaration outlining their overall financial situation and confirm the accuracy of information provided.

## ARBITRATION COSTS

 In a landmark decision, the Dubai Court of Cassation has reinterpreted Article 38 of the ICC Arbitration Rules, allowing for the inclusion of legal costs in arbitration awards. This is a significant change from the court's previous restrictive interpretation, which did not permit tribunals to award legal costs beyond arbitration expenses. It aligns with international arbitration practices and enhances the enforceability of cost awards under ICC rules.

ADGM

## LATE FILING FEES

 The ADGM has introduced late filing fees for certain statutory filings, with effect from 29 November 2024. The first phase of the scheme targets specific submissions, including commercial licence renewals, changes in directorship, and updates on beneficial ownership and nominee directors. The

Registration Authority has adopted a proportional fee structure, and penalties increase with the length of the delay. For example, a commercial licence renewal overdue by one month incurs a fee of USD 150, increasing to a maximum of USD 450 for delays over three months.


GCC

## UNIFIED FUND PASSPORTING

 The GCC financial market authorities have approved a new fund passporting framework to enhance integration among GCC financial markets. The framework will take effect in early 2025 after GCC states adapt their own domestic regulations. It was approved at the 29th meeting of the GCC Committee of Heads of Financial Market Authorities, alongside draft passporting regulations for GCC member states. The framework aims to facilitate cross-border investments and promote cooperation among member states. The draft regulations set out fund registration procedures and fees. They also govern listing and trading procedures and prescribe certain exemptions which will apply to registered funds. Investor-side protections include standardised regulatory oversight of the GCC funds in which they invest. Fund manager and promoter obligations under the unified framework are also detailed. GCC regulators will also have the power to de-register non-compliant funds.

SAUDI ARABIA

## AOA AMENDMENTS

 From 18 January 2025, all existing Articles of Association issued under the previous regulations that were repealed in 2022, are to be amended in line with the guidelines set out by the new Companies Law, which came into force in January 2023. The new AoA format has been standardised and templated (although some customisation is allowed by the Ministry of Commerce (MOC) to meet companies' needs). In order to




amend their Articles of Association, companies must have a valid commercial trade license, and not have any ongoing issues or suspensions against them by the MOC. They must submit the amendment through the Amendment of Articles of Association e-service, available on the Saudi Business Centre portal.

## NEW LEGAL PRACTICE REGULATIONS

 The Saudi Justice Minister has approved new executive regulations for the Law of Legal Practice which introduce a comprehensive framework aimed at improving the quality and efficiency of legal training and practice. Key changes include consolidating subsidiary legislation, such as licensing foreign law firms and disciplinary rules, into the executive regulations. The new regulations also address conflicts of interest for former judicial system employees and regulate legal practice through electronic platforms, ensuring confidentiality and data protection.

### OMAN

## DONATION REGULATIONS

 The Ministry of Social Development (MoSD) has introduced new regulations. Under Oman Ministerial Decision No. 336/2024, private entities must have a licence from MoSD to undertake fundraising activities, but government-established bodies are exempt. Licences will only be granted for charitable causes which align with the organisation's objectives. Personal fundraising has been prohibited. Under the new regulations, organisations will be able to collect funds in various ways, including by mobile apps, websites, SMS and electronic payment systems. It will also be possible to convert donations in kind to cash via public auctions with prior Ministry approval. Funds collected must be deposited into an approved bank account within two working days of the fundraising period. Those who initially commit offences may receive warnings and be given a seven-day period to resolve non-compliance.

### QATAR

## INVESTMENT AND TRADE COURT WEBSITE

 Qatar's Supreme Judiciary Council has introduced a website for the Investment and Trade Court to modernise the legislative framework and improve dispute resolution in the investment sector. The site is found at <https://itc.sjc.gov.qa>, and outlines the court's jurisdiction over various commercial disputes, including intellectual property, financial transactions, e-commerce, and non-Qatari capital investments.

### BAHRAIN

## E-COMMERCE RULES

 The Bahraini Ministry of Industry and Commerce has started a robust campaign to regulate businesses involved in online retail sales, specifically those classified under ISIC code 4791. Business owners must now register their e-store links with the ministry and ensure their platforms offer efficient shopping carts for seamless product selection and purchase. Secure payment options are also mandatory.

### KUWAIT

## INDUSTRY LAW BREACHES

 The Kuwait Public Authority for Industry (PAI) has recently stepped up enforcement against companies found to be violating the Industry Laws. As a result a company located in the Sabhan Industrial Area has had one of its industrial plots closed after it was discovered it was being improperly rented out, which is a practice strictly prohibited by the Industry Law (Kuwait Law No. 56/1996) and its executive regulations. The plot will remain closed until the situation is rectified. The company was also warned if it failed to address the issue within a month there would be severer penalties. Another business received warnings for encroaching on state property by placing counters outside their designated plot. The PAI has also recently cancelled several industrial licenses due to misuse of industrial plots, including leaving them unused. Action has been taken against 16 industrial facilities.

## REGULATORY ROUND-UP

**Sharjah:** Sharjah has reduced property transaction fees, and made a 0.5% cut in selling fees for developers, as well as discounts on purchase fees of 1% for UAE and GCC citizens and 2% for other nationalities...

**UAE:** From 1 January 2025 all private joint stock companies must have at least one woman on their board after the current board term concludes...

**Bahrain:** The Bahraini Parliament has approved new measures to prevent extra charges being made for imported car warranties and maintenance...

**Saudi Arabia:** The Saudi Human Resources and Social Development Ministry has unveiled a new National Policy for the Elimination of Forced Labour...

**Qatar:** The Supreme Judiciary Council is preparing a five-year digital transformation strategy including 70 electronic services for litigants through the electronic courts portal, and 35 new services via mobile applications...

**Abu Dhabi:** New restrictions will prohibit use of freight trucks, tankers, and construction equipment on Abu Dhabi roads during peak traffic times...

**Saudi Arabia:** The Ministry of Municipalities and Housing has updated guidelines which apply to all recreational facilities except venues such as theatres and cinemas, which include rules on areas such as location, area, complementary activities, and signage...

**Qatar:** The 2024 updates to the Qatar International Centre for Conciliation and Arbitration (QICCA) Rules came into force on 1 January 2025...

**Dubai:** The 30% alcohol sales tax removed in January 2023 was reinstated on 1 January 2025 on alcoholic beverage purchases...

**Abu Dhabi:** From 1 June 2025 a mandatory nutrition grading labelling system will apply to five types of food in Abu Dhabi...

**Oman:** The grace period for applying Oman's new Data Protection Regulations has been extended to 5 February 2026...

**Kuwait:** The Health Ministry is preparing a selective tax law on commodities which harm human health ...

**Qatar:** The Qatari Cabinet has granted in-principle approval for a draft decision outlining the conditions and regulations for conducting e-commerce without the need for a physical location...

# LAW MONITOR

## RECENT LEGAL DEVELOPMENTS IN THE GCC

### ADGM - EMPLOYMENT



The ADGM Authority has issued new employment regulations, which come into force on 1 April 2025. The finalised regulations, differ from the original proposals issued as part of the consultation. The new Regulations now recognise remote workers who have slightly different rights to standard employees and work from outside the UAE. A new category of part-time employee has also been introduced and the calculations for leave and other entitlements for those who do not work full time have been simplified.

### QATAR - DRONES



The Qatari Cabinet has approved a draft law on drones. The draft law aims to establish a comprehensive legal framework for drone usage, ensuring the security and safety of air navigation, safeguarding lives and property, and delineating the roles and responsibilities of relevant authorities in this area. It has been forwarded to the Shura Council for further consideration.

### GAZETTE WATCH

**UAE Official Gazettes No. 785 - 790** – These Gazettes include Ministerial Decision No. 1/2024 the Implementing Regulations to Federal Decree-Law No. 57/2024 on Pensions and Social Security.

**Saudi Arabia Official Gazettes No. 5053 - 5066** – These Gazettes include Saudi Arabia Ministerial Decision No. 46104795/1446 on technical controls and manuals for the Waste Management Law and its Implementing Regulation.

**Qatar Official Gazettes No. 15- 27/2024 and 1-2/2025** – These Gazettes include Constitutional amendments to the Permanent Constitution of the State of Qatar.

**Kuwait Official Gazettes No.1710 - 1722 Annex 2** – These Gazettes include amendments to Article 441 of Kuwait Decree-Law No. 67/1980 (the Civil Code).

(Source: Lexis Middle East Law)

### SAUDI ARABIA - OIL



The Saudi Council of Ministers has endorsed a newly approved Petroleum and Petrochemical Law which is designed to establish a robust legal framework for the sector. The new law will repeal and replace Saudi Arabia Royal Decree No. M18/1439 On the Approval of the Law on Trade in Petroleum Products. Its aims include improving energy efficiency, protecting consumers and licensees, and creating a competitive environment in the sector that ensures fair economic returns for investors.

## BAHRAIN - TAX



Bahrain Decision No. 110/2024

On the Conditions and Controls for Practising the Activity of Tax Consultancy Service has been issued. Individual establishments and commercial companies which are totally owned by Bahraini partners are allowed to offer tax consultancy services. These services can also be provided by international companies. However, where the company is totally or partially owned by non-Bahraini partners which are subsidiaries of a global company or representatives of one of these, the parent company that owns the trademark must have an annual income of not less than 50 million Bahraini Dinars or its equivalent, for three years prior to obtaining their practice licence and the parent company must exist in at least three global markets. Those acting as a tax agent or representative must have a licence from the National Bureau for Revenue and professional indemnity insurance.

## FEATURED DEVELOPMENT

Ton van Doremalen and Raneem Alrakhaimi of DLA Piper Middle East LLP look at changes brought in by Saudi Arabia's new Real Estate Transactions Tax Law.

On 11 October 2024, a new Real Estate Transaction (RETT) Law (Saudi Arabia Cabinet Decision No. 239/1446) was published in the official gazette. The RETT Law takes effect in 180 days from its publication date. New implementing regulations are also expected to be issued within this timeframe to replace the existing implementing regulations (Saudi Arabia Ministerial Decision No. 1331/1445). RETT was introduced in Saudi Arabia in October 2020, through implementing regulations and applies to the direct or indirect sale or transfer of real estate in Saudi Arabia at the rate of 5%. RETT is computed on the contractual value of the real estate transfer, as long as that value is not lower than the fair market value. There are certain exemptions to RETT, but generally, RETT applies to all real estate property transfers, including indirect transfers, regardless of the form or use of the real estate property. The RETT Law broadly adopts a similar set of exemptions as those in the existing implementing regulations but it also introduces new, important ones. These include exemptions for real estate transfers related to merger and acquisition transactions between

judicial persons, real estate transfers related to initial public offerings, trading of listed securities, and investment fund units as well as transfers arising from forced sales as per court order. The forthcoming implementing regulations are expected to set out the conditions for applying these exemptions. Under the RETT Law, transferors are primarily liable for remitting RETT to the Zakat, Tax and Customs Authority (ZATCA). However, the transferee will be jointly liable if it is proven to ZATCA that the transferee was responsible for the non-payment of RETT due. This condition appears to narrow the extent to which a transferee may be held jointly liable, compared to the position in the existing implementing regulations, which do not explicitly cover cases where a transferee may be liable. The RETT Law also revises, and to an extent softens, penalties for non-compliance. If the liability is not settled, the penalty is 1% or 2% of the unpaid tax per month, not a flat 5%. The 1% rate applies if ZATCA assesses the liability. Penalties cannot exceed 50% of the principal. ZATCA has three years to verify or assess RETT, including tax evasion cases.

## KUWAIT - PROPERTY



Amendments to Kuwait Law No. 74/1979, which

regulates real estate ownership by non-Kuwaitis have been approved. The Decree will introduce exemptions for certain economic entities, including companies listed on Kuwait's licensed stock exchange, investment funds, and portfolios licensed by relevant authorities, as well as investment entities under the Direct Investment Promotion Law which will be able to own real estate necessary for their operations. Another key change allows children of Kuwaiti women from Arab countries to permanently own real estate they have inherited from their mothers.

## OMAN - STATE CONTRACTS



A new law Oman Sultani Decree No. 59/2024,


establishing a framework covering the signing of contracts and financial commitments by state entities has been issued and came into effect from 25 December 2024. Oman Sultani Decree No. 59/2024 repeals and replaces Oman Sultani Decree No. 48/1976. The new law covers agreements which impose financial burdens on the state treasury, including contracts with foreign governments, international organisations, and Omani and foreign private entities.

# TAX AND FINANCE ROUND-UP


COVERING RECENT KEY TAX AND  
FINANCE DEVELOPMENTS – REGION-WIDE

UAE


## TAX RULES FOR PARTNERSHIPS

 Ministerial Decision No. 261/2024, introducing changes for unincorporated partnerships, foreign partnerships, and family foundations has been issued. It clarifies that unincorporated partnerships will not be considered a taxable person in their own right unless they are a juridical person. Partnerships can apply to be treated as taxable persons, but the decision is generally irrevocable, and responsible partners must notify the authorities of any changes in partnership composition. In order for foreign partnerships to be treated as unincorporated partnerships, they must not be subject to a similar corporate tax in their own jurisdiction. The partners will also be taxed on their distributive share if the partnership itself is not taxed. Foreign partnerships will have to submit annual declarations confirming eligibility. Family foundations with public benefit entity beneficiaries, and wholly-owned juridical persons can also apply to be treated as unincorporated partnerships if certain conditions apply.

## CRYPTOCURRENCY MINING


 The UAE Federal Tax Authority (FTA) has clarified that cryptocurrency mining for personal accounts will not be subject to UAE VAT. This decision distinguishes personal mining activities from those conducted on behalf of others, which are considered taxable services and subject to a 5% as explained in VATPO39. Mining on a personal account is exempt from VAT because the computational work does not result in a fixed reward or benefit a specific recipient.

## TAX WHISTLEBLOWING

 The UAE Federal Tax Authority (FTA) has issued a Guide USEGWB1 on how its tax whistleblowing


programme Raqeeb operates. The scheme covers informants of non-compliance with corporate income tax, VAT and customs duties legislation. Informants can be classed as any person who informs the tax authorities that a natural or juridical person has not fulfilled their tax obligations or is conducting illegal activities on tax. The FTA is able to pay monetary rewards to eligible informants. The amount is directly proportionate to the amount of tax collected by the FTA as a result of their information and submitted lead. The amount collected must be over 50,000 AED for an award to be paid. The information must also be credible, accurate, and not previously obtained by the FTA. Tax agents and FTA employees (and their families) are among those not eligible under the scheme. Reports are made by clicking the Raqeeb button on the FTA website.

## TAX GROUPS

 The UAE Ministry of Finance (MOF) (FTA) has announced amendments to Ministerial Decision No. 301/2024 On Tax Groups and Ministerial Decision No. 302/2024 on the Participation Exemption and Foreign Permanent Establishment Exemption. The added Ministerial Decision No. 302/2024 applies to Tax Periods commencing on or after 1 January 2025 and introduces a series of administrative reliefs and clarifications for businesses which form Tax Groups. Situations in which Tax Groups must calculate taxable income attributed to one of their members in line with the arm's length principle are clarified. The requirement to calculate this income is also removed if the Tax Group earns income eligible for a Foreign Tax Credit. Tax Groups with Pre-Grouping Tax Losses can also opt to forfeit these losses, offering them greater flexibility and reducing compliance burdens under the Corporate Tax regime. In terms of the Participation Exemption, the updated decision ensures that income involved in ownership transfers

under Qualifying Group Relief or Business Restructuring Relief are not subject to double taxation, even if claw-back provisions apply. The asset test for the Participation Exemption also applies only to related parties, easing compliance for businesses investing in funds and similar structures. There is also now guidance on adjustments to tax losses incurred by Participations within or outside a Tax Group, and on the treatment of liquidation losses.

## REVERSE CHARGE MECHANISM

 Cabinet Decision No. 127/2024 which comes into effect from 25 February 2025 introduces revised definitions and provisions for VAT application, including mandatory Reverse Charge Mechanism for specific goods. Precious metals, gemstones, and related jewellery products are now included within the scope of the Reverse Charge Mechanism. The previous Cabinet Decision, Cabinet Decision No. 25/2018 is being replaced. There are transitional provisions. Where the date of supply is on or after 1 June 2018 up to 24 February 2025, the supply will be subject to Cabinet Decision No. 25/2018. However, where the date of supply is on or after 25 February 2025, the supply will be subject to the new Cabinet Decision.

SAUDI ARABIA


## AUDITS AND APPEALS

 The Zakat, Tax and Customs Authority (ZATCA) have issued new guidance on reviews and appeals involving Saudi VAT Law. Areas covered include audits, evaluations, corrections, decision reviews, and appeals. Although the Saudi VAT system uses self assessment ZATCA has the right to assess declared amounts within five years. The new guideline outline ZATCA's examination processes, which include on-site audits, record reviews, and requests for documentation. There is

also information on the time lines for amending incorrect VAT returns. Over-declared taxes can be corrected in subsequent returns but under-declared taxes need to be immediately notified to ZATCA within 20 days of discovery.

**BAHRAIN**

**DOMESTIC MINIMUM TOP UP TAX**

 The Executive Regulations providing the details on how Bahrain's Domestic Minimum Top-Up Tax (DMTT) Law (Bahrain Decree No. 11/2024) have been issued in Bahrain Decision No. 172/2024. Bahrain's National Bureau for Revenue (NBR) has also now put in place a registration system enabling in-scope Multinational Enterprise (MNE) Groups to register. Entities that meet the EUR 750 million threshold for two of the four fiscal years preceding 1 January 2025 must register by 30 January 2025. Those which cross the threshold later will have to register by 30 April of the relevant fiscal year. Registration must be undertaken by the designated Filing Constituent Entity (CE) on behalf of all Bahraini entities within the MNE Group. However, joint ventures and their subsidiaries must register separately. Excluded entities are also still required to provide certain information and are prohibited from acting as the Filing CE. Those registering have to provide details about the Ultimate Parent Entity, Bahraini Constituent Entities, and financial disclosures, including information on DMTT relief. Constituent Entities may also need to update their records with the Ministry of Industry and Commerce (MOIC) to ensure they are accurate before completing the registration process. Advance tax payments under the DMTT regime must be made quarterly within 60 days of the end of each quarter. The first payment deadline has been set for 31 August 2025. Taxpayers can opt to use either the Prior Year or Current Year method to calculate payments. The balance of any outstanding tax is due within 15 months of the fiscal year's end, and tax returns must also be filed within this timeframe using prescribed forms. Entities are required to maintain documentation for at least five years, covering adjustments to Financial


**TAX TREATY UPDATE**

- Saudi Arabia:** Saudi has signed an agreement to avoid Double Taxation with Croatia..
- Kuwait:** Kuwait and Saudi Arabia have signed an agreement to avoid Double Taxation...
- Saudi Arabia:** Saudi Arabia has concluded an agreement with Kosovo to enhance cooperation and mutual assistance on Customs matters....


Accounting Net Income or Loss (FANIL) and covered taxes. The regulations provide detailed exclusions but additional simplified computation safe harbour rules are expected to be issued through a ministerial decision. Oman and Kuwait has also now announced there will be a 15% minimum tax on multinational entities (MNEs) operating within its borders with effect from 1 January 2025 under Kuwait Decree No. 157/2024 and Oman Sultani Decree No. 70/2024 in line with the Global Anti-Base Erosion Rules set by the Organisation for Economic Cooperation and Development.

**OMAN**

**INDIVIDUAL INCOME TAX**


 According to local media reports a member of the Omani Shura Council has stated when income tax is implemented in Oman it will be levied on individuals who have monthly salaries of over 2,500 Rials. It has been claimed this was stated by the Chairman of the Economic and Financial Committee at Majlis Al Shura. However, Kuwait which is also currently considering a draft law to introduce a 15% income tax on corporate earnings has stated there will be no taxation of individuals there for now.

**FREEZONE EXEMPTIONS**

 The Legislative and Legal Committee and the Economic and Shura Council Financial Committees have approved the final draft of a law on Special Economic and Free Zones. This will unify the system of guarantees, advantages, incentives, exemptions, and facilities granted to economic activities in these zones. Incentives being considered include income tax exemptions.


**JORDAN**

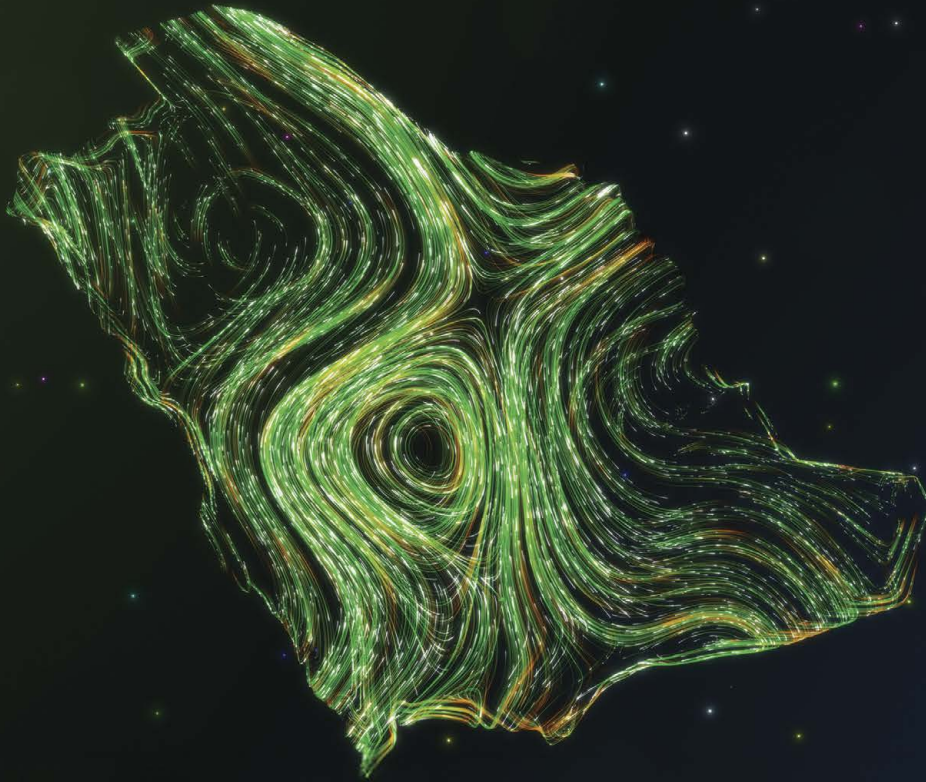
**CUSTOMS FINES**

 The Jordanian Finance Ministry has stated the Council of Ministers has decided to exempt those involved in customs cases which have been discovered or where customs seizures took place before 31 December 2019, from the fines they were due to pay, up to 90%. There will be an exemption of 90% on customs and tax fines, confiscation fees which have been imposed, and administrative expenses incurred, based on the Customs and Public Funds Collection Laws, whether the cases were based on judicial rulings, administrative decisions, or conciliation settlement agreements. To qualify for the exemption required fees, taxes, service fees, expenses, and the remaining fines, must be paid and confiscations must be implemented, within six months from the day following the issue of the decision. However, if the deadline is missed the exemption rate is reduced to 75% if the necessary amounts are paid within the following six months.

**KUWAIT**

**INFORMATION EXCHANGE**

 Kuwait Ministerial Decision No. 75/2024) has been issued which explains Kuwait Decree-Law No. 6/2024 On the Exchange of Information for Tax Purposes. The regulations outline the procedures and requirements for implementing agreements on the exchange of tax information between Kuwait and other countries. In addition, financial institutions must maintain precise records, have robust internal compliance mechanisms, and submit detailed annual reports on their clients' financial data. Fines will range from 10,000 to 20,000 Dinars for failing meet these requirements.



# SIMPLIFYING SET UP

Summayah Muncey, Shahd Makhafah and Alain Sfeir of Clyde & Co. explain how doing business in Saudi Arabia is changing following the enactment of new legislation on Commercial Registration and trade names.

“Towards the end of 2025, Saudi Arabia issued a landmark piece of legislation, Saudi Arabia Cabinet Decision No. 237/1446 On the Approval of the Commercial Register and Trade Names Laws which is set to make setting up a business much simpler,” states Summayah Muncey.

“This new law repeals and replaces Saudi Arabia Cabinet Decision No 36/1416 Approving the Commercial Register Law and Cabinet Decision No. 133/1420 On Tradenames,” Shadh Makhafah continues. “It is expected to come into force on 2 April 2025.”

“Saudi Arabia Cabinet Decision No. 237/1446

is designed to align with both the economic and technological strategy outlined in the Saudi Vision 2030, and complements other recent legislation such as the Investment Law (Saudi Arabia Cabinet Decision No. 40/1446) which aims to attract more foreign investment to Saudi Arabia, by making it easier for investors to set up new businesses there,” Makhafah adds.

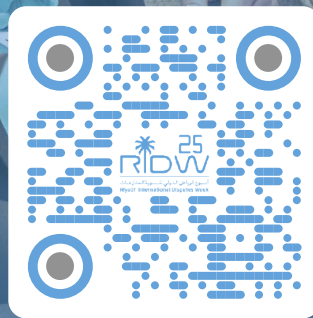
“At present it is also expected that Implementing Regulations will be issued before this law comes into force in order to provide additional detail on the new law’s requirements.”

“Saudi Arabia Cabinet Decision No. 237/1446 applies to all entities, both local and foreign, and is set to

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transform the process of establishing a business in Saudi Arabia,” Muncey continues.

“This new framework establishes procedures which will help to ensure the accuracy of registration details and will also require the annual confirmation of these details, in order to improve transparency and compliance of businesses in Saudi.”

“One of Saudi Arabia Cabinet Decision No. 237/1446’s most significant changes is that it now allows all subsidiaries to be consolidated under a single Commercial Registration (CR), regardless of their geographical location, which should ease administrative burdens.”

“In the past businesses in Saudi Arabia had to obtain a separate commercial registration for each of their subsidiaries. They will now instead be able to register them all under a Single National Commercial Registrar (SNCR).”

### TRADE NAMES

“In fact, some of the most interesting provisions in this new law are those on trade names, where there has been a significant reform of overall of procedures,” states Makhafah. “For example, Saudi Arabia Cabinet Decision No. 237/1446, will allow businesses to benefit from extended reservation periods for trade names before they officially register them.”

“This will also enable businesses to have greater flexibility on name selection, and have access to Arabic language experts who will be able to assist them in choosing appropriate names.”

“In order to facilitate this an Arabic Language Experts Platform will be established to increase the use of Arabic in the commercial sector. The aim here is to expand the linguistic repertoire of Arabic names by encouraging the use of the Arabic language in trade names. Arabic language experts will be able to register their information and showcase their work to the public on this new platform.”

“The previous regime did permit trade name reservations, but Saudi Arabia Cabinet Decision No. 237/1446 now also provides the ability to extend this reservation period,” Makhafah continues. “This change will enable early planning and also provide businesses with greater flexibility when it comes to securing their preferred trade name for an extended period. The Implementing Regulations are expected to provide

more specific information on the duration of these reservations, the procedures for reservation and the criteria for extensions.”

“In addition, Saudi Arabia Cabinet Decision No. 237/1446 also enables the third party use and transfer of trade names, which should help enhance operational efficiency for businesses.”

“However, it is important to note that under Saudi Arabia Cabinet Decision No. 237/1446, a trade name must comply to specific criteria,” states Muncey. “Trade names can be derived from the merchant’s personal name, they can be a distinctive name, or a combination of both.”

“They can also be made up of Arabic or Arabised words, letters, or numbers, or any combination these. They can also include words, letters, or numbers in languages other than Arabic.”

“The Implementing Regulations are likely to provide additional detail on acceptable non-Arabic languages for trade names, the method for displaying these names in the Commercial Register, and on registration of names such as ‘Saudia’, as well as the names of cities, regions, public places, and family names.”

### RELINQUISHING AND TRANSFERS OF TRADE NAMES

“As well as including provisions on how trade names are registered Saudi Arabia Cabinet Decision No. 237/1446

also now includes provisions on how entities can dispose of their registered trade name,” states Muncey.

“Further specific provisions on how to do this are expected to be outlined in the Implementing Regulations. This flexibility will enable entities to manage their branding more effectively by allowing trade names to be disposed of without the need to transfer their entire business.”

“However, it is important to note the disposal of a trade name will only take effect after it has been officially registered and publicised in the Commercial Register.”

“When it comes to transferring trade names, both the predecessor and successor will continue to be jointly liable to creditors, unless an alternative agreement is reached, which requires mutual consent,” states Makhafah.

“Although, claims involving a successor’s liability for the predecessor’s obligations will not be considered five years after the date of ownership transfer.”

“The Implementing Regulations are also expected to address emerging trends in the commercial sector, such as digital trade names and e-commerce entities,” states Alain Sfeir.

“This shows Saudi Arabia’s commitment to fostering a progressive and competitive business environment.”



**Summayah Muncey**  
Associate  
Clyde & Co.



**Shahd Makhafah**  
Partner  
Clyde & Co.

## RELEVANT LEGISLATION

### Article 10 of Saudi Arabia Cabinet Decision No. 237/1446

The Merchant shall, upon any change or amendment to the data entered in the Commercial Register, update it within 15 days from the occurrence of such change or amendment.

(Source: Lexis Middle East Law)



## COMMERCIAL REGISTRATION

“Saudi Arabia Cabinet Decision No. 237/1446 will introduce a new unified framework for company registration which will operate on a national scale, replacing the previous regional approach where Commercial Registrations were issued based on administrative regions,” states Muncey. “This elimination of the regional registration requirement, will simplify the registration process, particularly for foreign businesses. Businesses often have subsidiaries which operate in different regions across Saudi Arabia which in the past could complicate registration. This is one of the areas where the Implementing Regulations are expected to provide additional detail.”

“One of the other important changes is that under Article 11 of Saudi Arabia Cabinet Decision No. 237/1446, Commercial Registrations will no longer have an expiration date,” Makhafah adds. “However, entities will be required to confirm their registration data electronically every 12 months from the date of its issuance.”

“In addition, if this confirmation is delayed by more than three months after the due date, the business’ Commercial Registration will be suspended,” Muncey adds.

“In addition, if the suspension lasts for one year, their Commercial Registration will be automatically cancelled,” Sfeir continues. “The Implementing Regulations are anticipated to provide further clarification on the penalties associated with non-compliance.”

“This means it will be important for businesses in Saudi Arabia to maintain accurate and up-to-date information in the commercial register, in order to ensure they remain compliant with regulatory standards.”

“It is also important to note that the responsibility for maintaining accurate Commercial Registration details now firmly rests with entities.”

“Another important point to be aware of is under Article 27 of Saudi Arabia Cabinet Decision No. 237/1446, the information which is recorded on a Commercial Register can serve as critical evidence against the entity and potentially impact it negatively, if it is inaccurate,” Sfeir continues.

“In order to mitigate the risk of facing substantial penalties, entities must update any changes to their Commercial Register within 15 days of their occurrence,” Makhafah states. “Those who fail to comply can face fines of up to 50,000 Saudi Riyals, and these fines can be doubled for repeated offences.”

## GRACE PERIOD

“Fortunately, Saudi Arabia Cabinet Decision No. 237/1446 includes a grace period of five years for compliance,” states Muncey. “As a result existing Saudi companies will have a five-year period to update their existing Commercial Registers for branches by either transferring the branch Commercial Registers to the

SNCR of another entity whether that is a new one or one which already exists or cancelling the commercial register of the branch and transferring its assets and activities to the entity’s SNCR.”

## DISPUTE RESOLUTION

“In addition, Saudi Arabia Cabinet Decision No. 237/1446 has introduced new dispute resolution mechanisms for trade names and commercial registration disputes,” states Makhafah.

“Previously, disputes involving trade names, were time-consuming and could be difficult to resolve. However, these will now be streamlined under a unified platform,” Muncey continues. “This will minimise delays and ensure swift resolutions, further boosting investor confidence.”

## WHAT’S NEXT?

“There is a synergy between new technologies and traditional values represented at the core of this new legislation,” states Makhafah. “These changes will be a turning point for businesses in Saudi Arabia, as this comprehensive reform aims to align regulatory practices in the Kingdom with international best practice while still preserving the Kingdom’s unique identity.”

“This streamlined registration process and enhanced provisions on trade names should help attract more innovative enterprises from around the globe to establish themselves in Saudi Arabia.”

“In addition, Saudi Arabia Cabinet Decision No. 237/1446 highlights Saudi Arabia’s intention to prioritise digital transformation,” Muncey adds. “The introduction of new electronic platforms for registration and trade name reservations will be a major step forward, simplifying access to these services.”

“The digitisation of the registration process is also expected to accelerate processing times and improve overall accessibility.”

“This is expected to be especially beneficial for international investors who are unfamiliar with local processes,” states Sfeir.

“These reforms should benefit existing businesses in Saudi Arabia and make it easier for start-ups and entrepreneurial ventures to thrive there.”

“However, the severity of fines emphasise the government’s zero-tolerance approach to regulatory breaches,” states Muncey.

“This approach is not just about penalties but also about developing a culture of responsibility and governance. These reforms will not just be about doing business differently. They will also be about doing business better.”



**Alain Sfeir**  
Partner  
Clyde & Co.

## RELEVANT NEWS

### New Trade Name Law to Tighten Business Regulations

Saudi Arabia has introduced a new Trade Name Law to regulate commercial activities more strictly. The law bans religious, military, and political references in business names and imposes fines up to 50,000 Riyals for non-compliance. It allows trade names to include Arabic and non-Arabic words, numbers, and letters, and prevents names resembling global trademarks unless the business owns the relevant rights.

# CASE FOCUS

**Case No** .... Akram Hidri and another v Qatar Financial Centre Authority [2024] QIC (F) 46 issued on 30 October 2024

**Jurisdiction** .... QFC

**Court** .... QICRC Court of First Instance

**Recommended by** .... Umar Azmeh, Registrar, QICDRC

## WHAT IS IT ABOUT?

Some claimants sought damages from a Defendant based on a claim the Defendant had negligently delayed processing a 'Controller Notice' in connection with a share transfer, and it was said the delay caused the Claimants loss. The Claimants also alleged the Defendant had been negligent in failing to intervene in subsequent legal proceedings brought by the Claimant against another company. The Defendant lodged an application for summary judgment and asked the Court to strike out the claim on the basis of the immunity in Article 16 of Qatar Law No. 7/2005 (the QFC Law). Article 16(1) of Qatar Law No. 7/2005 provided that QFC Institutions: 'Shall not be subject to any civil liability in relation to all acts or omissions done or omitted to be done or negligence in good faith during course of performing or trying to perform their duties, powers, responsibilities and tasks as prescribed in this Law or regulations, or provisions thereof'. The Claimants asserted the Defendant had acted with bad faith and with gross negligence, and also set out a number of new alleged breaches of various statutory duties by them in their dealings with the Claimant.

## WHAT WAS DECIDED?

The Court noted that the immunity provision was similar to those in other jurisdictions in respect of other institutions, e.g. the Financial Conduct Authority (FCA) in England is not liable for anything done or omitted in discharge of its functions unless the act or omission was done in 'bad faith' (Financial Services and Markets Act 2000, Schedule 1ZA). The purpose of these provisions is to avoid satellite litigation (see R (on the application of Idealing.Com Ltd) v FOS Limited [2024] EWHC 847 (Admin)). The Court felt that none of the fresh allegations made by the Claimants took

the case outside the scope of the immunity provision. As for 'gross negligence', the Court's view was that this added nothing to the concept of negligence, and any type of negligence would be covered by the immunity. However, actions taken in bad faith would be outside the scope of the immunity. The Claimants had submitted that the Court should imply bad faith into the Defendant's actions. However, allegations of bad faith should only be made if there existed prima facie evidence justifying that allegation, supported by cogent evidence or grounds to support it (see Melton Medes Limited v Securities and Investments Board [1995] Ch 137, PARA 147). The correct interpretation of bad faith for the purposes of deciding whether a statutory immunity was excluded was that generally applied in a regulatory context. It was necessary to demonstrate that here had been abuse of power actuated by malice, some ulterior purpose or dishonesty. Even taking the Claimants' case at their highest, the Court did not consider that the facts concerning the Defendant's actions even arguably supported such an allegation. The alleged failings were not of a scale or character that, even if they could be proven, could lead to an implication of misuse of power for an improper purpose. The Court also made further comment on summary judgment applications, namely that the Court will generally proceed on the basis of the facts as alleged by a Claimant, and bare assertions unsupported by evidence will generally be disregarded.

## WHAT IS IT IMPORTANT?

This case is the first in which the QICDRC Court has considered the scope of the general immunity provision in Qatar Law No. 7/2005, which covers acts done by QFC Institutions to protect them from suit. The Court made a number of important points: (i) the purpose of the immunity provision is to avoid satellite litigation; (ii) any type of negligence on the part of a QFC Institution will fall within the provisions of the immunity; (iii) bad faith takes a party outside the scope of the immunity; (iv) bad faith in this context means an abuse of power motivated by malice, dishonesty or some ulterior purpose; and (v) any allegations of bad faith must be supported by cogent evidence. This case

makes it clear that the scope of the immunity is wide, and any party wishing to make allegations of bad faith to circumvent the immunity faces a high bar.

**Case No ....** DIFC Case No. 002/2023 (1) Gate Mena Dmcc (Formerly Huobi OTC DMCC) (2) Huobi Mena FZE v (1) Tabarak Investment Capital Limited (2) Christian Thurner issued on 13 June 2024

**Jurisdiction ....** DIFC

**Court ....** DIFC Court of Appeal

**Recommended by ....** Ayesha Karim

### WHAT IS IT ABOUT?

This case was the first decision by a common law appellate court, following a full trial, to address the issue of which of two innocent parties should bear the consequences of economic loss when a third party perpetrated cryptocurrency fraud.

The Claimants/Appellants intended to sell bitcoins to a buyer, with the Defendant/Respondent acting as an intermediary responsible for transferring the bitcoins held in escrow once payment from the buyer was received. However, through a sophisticated digital fraud, the buyer obtained the bitcoins without making payment and subsequently disappeared. The duty of care and fiduciary duty owed by the intermediary in the transactions was considered.

### WHAT WAS DECIDED?

Since this appeal was first argued, the Digital Assets Law, DIFC Law No. 2/2024 had come into force on 8 March 2024 and further developed the understanding of the legal principles applicable to digital assets. However, in this case, the Court applied the common law as it stood in 2022. The Appellate Court discussed a range of issues related to Cryptocurrency. It explained various technical aspect such as the nature of Bitcoin, bitcoin wallets including hot and cold wallets), Address and Private Keys; the Seed Phrase or ‘Mnemonic’ and Wallet Security. The legal issues mainly focussed on the nature of Bitcoin and cryptocurrency as property. The Appeals Court referred to the analysis of the Law Commission of England and Wales ‘Digital Assets: Final Report’ published 27 June 2023, the legal statement published by the UK Jurisdictional Task Force (UKJT) on crypto assets and smart contracts, and various court judgments that led to the development of the hypothesis that intangibles such as cryptocurrency could come within the definition of property with its related attributes. The decision acknowledged Bitcoin as an intangible property that bore unique characteristics which were not fully aligned with traditional definitions.

The case against the second defendant, the Director of Investment at the first Defendant company, was dismissed as he had not used the methodology the client had, and when there was a suggestion to change it he had not been an active advocate for doing so.

However, the case against the first defendant

was ultimately remitted for retrial in the Digital Court to determine whether a specific agreement existed between the parties, leaving certain liability questions unresolved.

### WHY IS IT IMPORTANT?

This case was a landmark case in cryptocurrency law, as it was the first time a common law appellate court, after a full trial, had ruled on liability between innocent parties in a situation involving cryptocurrency fraud by a third-party fraudster. It is instructive on the legal landscape on cryptocurrency before the DIFC Digital Assets Law (DIFC Law No. 2/2024) was passed on 8 March 2022. Its importance lies in several foundational contributions to the legal understanding of digital assets, especially as it addresses Bitcoin’s classification as property and clarifies custodial responsibilities in high-risk digital transactions. One of the most significant aspects of this decision was its clarification of the legal status of digital assets. The Court interpreted Bitcoin as intangible property with unique attributes, suggesting it constituted a ‘third kind’ of property, distinct from tangible assets and traditional intangible rights. This creates a foundation for understanding how digital assets, with their unique characteristics of rivalrous control and exclusivity, might fit within traditional property categories. It also establishes a precedent within the DIFC and beyond, offering critical guidance on interpreting digital assets before the enactment of DIFC Law No. 2/2024. By confirming the property-like attributes of Bitcoin, it builds a legal foundation for future cases on digital assets and may influence other common law jurisdictions as they face similar questions in cryptocurrency law. Another essential aspect of the case was its focus on custodial responsibility and the potential for economic loss in cryptocurrency transactions. It delves into the obligations of intermediaries acting as custodians in digital asset transactions, especially when those intermediaries operate in good faith within high-risk environments. It also highlights the complexities of defining responsibility in situations where one party serves as an intermediary for the asset transfer.

As digital assets grow in use, this case underscores the need for clear custodial standards to secure transactions and safeguard against fraud-related economic losses. Though the judgment applied pre-existing legal principles, it will likely serve as a point of reference under DIFC Law No. 2/2024 which formally recognises digital assets as intangible property.

This new law enables tortious and contractual claims related to digital assets, covering economic damages, bailment, and custodial obligations. In effect, the Court’s reasoning in this case provides a bridge between older property concepts and the specific needs of modern digital assets, setting a precedent that will guide future disputes and influence the evolving legal landscape surrounding cryptocurrency.

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# IN-HOUSE PROFILE

## COUNSEL & BOARD SECRETARY – SATCOMS

### Onwards and Upwards

Mary Alkuwari, General Counsel & Board Secretary of Qatar’s Satellite Company Es’hailSat explains how awareness of international and regional regulations impact their innovative work.

#### YOUR BACKGROUND

I am a licensed Qatari lawyer with over 15 years of legal experience. I have a Bachelor’s degree in Law (LLB) from Cardiff University, Wales, and a Master’s degree in Finance (MSc) from Hamad Bin Khalifa University in Doha.

I previously worked as Board Secretary for a number of major listed Qatari companies, including Qatar Petroleum, Mesaieed Petrochemical Holding Company and Industries Qatar which helped me to hone my skills on corporate governance, high-level decision-making, and regulatory compliance.

This past work in sectors including oil and gas, technology, and finance has helped me to navigate complex transactions and advise on high stakes matters.

These previous roles have also given me the strategic mindset which is necessary when you are tackling legal and operational challenges in the satellite industry, where I work now. I was deeply honoured to have been named General Counsel of the Year at the 9th Qatar Business Law Forum Awards 2024, organised by Lexis Nexis, which was a milestone in my professional journey.

I am currently the General Counsel and Board Secretary at Es’hailSat, Qatar’s Satellite Company. Es’hailSat operates throughout the Middle East and North Africa (MENA) region, providing cutting-edge satellite services.

Our company launched the first-ever Qatar satellite – Es’hail 1 – in a collaboration with European satellite operator Eutelsat. Our offerings include Direct-to-Home (DTH) broadcasting, secure government communications, and broadband services. Es’hailSat plays a pivotal role in enhancing Qatar’s communication infrastructure and is supporting regional growth in the satellite and telecommunications industries.

#### DEVELOPMENTS

There is a lot of change happening in the satellite industry at present, as there is rapid technological advancement, including the integration of Artificial Intelligence and the expansion of Low Earth Orbit constellations, which are smaller satellites which revolve on the low Earth orbit, and can provide required data with quick signal transmitting time (downlink and uplink), which is valuable when immediate response is critical, as with the internet of things, telecommunications, and navigation.

There is also a growing emphasis on cybersecurity to safeguard satellite operations against potential threats.



The demand for secure government communication and high-speed broadband services is also increasing, driven by the region’s focus on digital transformation.

Legal and regulatory developments in areas including Qatar’s data protection and evolving telecommunications regulations impact our operations.

We also have to comply with international frameworks such as the International Traffic in Arms Regulations (ITAR), which control the import and export of defence-related items and services, and cyber security services. These laws impact how we structure contracts, ensure data security and manage cross border collaboration. One of the main challenges in the satellite industry is navigating the rapidly evolving regulatory landscape and ensuring compliance with a diverse range of international and regional requirements which impact us. It is necessary to balance innovation with risk management, particularly as we explore AI and other cutting-edge technology.

To overcome these challenges, I use a collaborative approach, leveraging cross-functional expertise, and make sure I stay informed about the latest industry trends and legal developments. Fostering a proactive culture within my team also helps anticipate and address potential issues before they escalate. I am currently working on Es’hail-3, our next satellite mission which is a complex and rewarding project and a key part of Es’hailSat’s plans to enhance our satellite fleet and extend our service capabilities. This project reflects our commitment to innovation, flexibility, and reliability, as well as addressing the growing demands of our customers across the region and beyond. It involves

PRACTITIONER PERSPECTIVE



**Zain Satardien**  
Hourani & Partners

Zain Satardien of Hourani & Partners explains import and export restrictions in the Middle East from the International Traffic in Arms and other regulations.

As defence and technology industries grow, compliance with arms and dual-use goods trade regulations including the US International Traffic in Arms Regulations (ITAR) and initiatives like the voluntary multilateral export control regime called the Wassenaar Arrangement, have become critical. None of the GCC states are Wassenaar Arrangement members but they have implemented regulations to collectively and individually oversee trade in restricted goods, including military goods. Increased defence spending and focus on advanced technology like drones in the region has made ITAR more important. Each GCC state has its own control measures based on national priorities and geopolitical factors. The GCC Customs Union Agreement (CUA) and GCC Common Customs Law (CCL) (which applies to goods banned or controlled under GCC or national laws) also impact this area. The CUA and CCL set the structure for enabling GCC countries to regulate prohibited and restricted goods according to their own laws. GCC states also set common and individual lists of prohibited and restricted goods and there are mechanisms for their movement within the GCC Customs Union. Under CCL goods are regulated within land and sea areas under customs control. It prohibits ships under 200 tons carrying restricted or prohibited goods from operating in GCC marine customs zones. Customs authorities can also deny entry, transit, or exit of prohibited goods or restricted goods without proper approvals and customs officers can inspect shipments, analyse goods, and seize concealed prohibited goods. The Unified Guide for Customs Procedures also prohibits entry of certain goods into customs warehouses, free zones, or the GCC Customs Union. Goods subject to local or international bans, conventions, or regulations also cannot be imported, exported, or re-exported. Some businesses in the region lack an understanding of compliance with ITAR, particularly on dual-use goods and technical data transfers which can lead to compliance risks. Therefore, employee, contractor and partner training and strengthening internal compliance processes in this area is important. Engaging with US and GCC regulatory authorities can provide more clarity on licensing requirements and better oversight. To navigate ITAR requirements alongside regional export control frameworks

requires clear, actionable strategies which address compliance and mitigate risks. Those wishing to trade in defence articles or dual-use goods need a comprehensive approach which aligns with the US and local regulations. Good internal compliance programmes include written policies, procedures, and controls which address licensing, classification, and recordkeeping for export-controlled items. Regular risk assessments and advanced technology solutions can enable real-time monitoring and ensure compliance with both the US Munitions List (USML) and GCC-specific control lists. For example, in the UAE approval is needed for imports and exports of all items subject to the Australia Group (AG), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and the Wassenaar Arrangement as well as transit or transshipment of NSG-controlled items. The Federal Authority for Nuclear Regulation (FANR) oversees nuclear-related items, and the Executive Office for Control and Non Proliferation (EOCNP) regulates all other items. EOCNP's Committee for Goods and Materials Subject to Import and Export Control (CGMSIEC) implements policies on strategic goods control and facilitates international and national partnerships. It also enforces UN Security Council decisions; approves amendments to laws, regulations and the table of commodities on strategic goods; and issues permits for import, export and re-export of certain strategic goods. Federal Decree-Law No. 43/2021 On Commodities Subject to Non-Proliferation governs commodities subject to Weapons of Mass Destruction (WMD) provides non-proliferation rules and defines commodities listed in the 'Table of Goods' whose trade can be restricted or prohibited by FANR. Saudi Arabia has no specific law on dual-use goods or comprehensive export controls. Regulations vary by commodity and are governed by different agencies. Restricted items include medicine, food, military equipment, chemicals, and tobacco. Saudi Arabia Cabinet Decision No. 143/1427 regulates chemical imports. Bahrain has no published law specifically dealing with a strategic goods list, but recognises the need to promote legitimate trade and community safety. Other GCC countries lack comprehensive legislation on export control or dual-use goods but publish lists of goods that are prohibited, restricted or subject to enhanced procedures.

Mohannad Al Abed also contributed to this piece.

strategic planning, collaboration with international partners, and navigating complex regulatory and operational challenges.

The Es'hail-3 project will also be pivotal in positioning our company as a global leader in satellite communications by reinforcing our ability to deliver seamless, high-quality satellite services.

Being a part of this mission underlines my role in advancing Es'hailSat's strategic objectives and allows me to contribute in a meaningful way to a project which will impact industries and communities who are reliant

on cutting-edge connectivity solutions. I also participate in industry panels and legal conferences, where I share my expertise on satellite regulations, governance, and emerging legal trends.

This allows me to stay connected with global thought leaders and continuously expand my knowledge. As Es'hailSat continues to grow, I look forward to playing a key role in shaping the future of satellite communications in the region, ensuring that legal frameworks evolve alongside technological advancements to support sustainable progress.

# MOVERS AND SHAKERS

## A ROUND-UP OF THE TOP APPOINTMENTS AND PROMOTIONS

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### BUILDING PARTNERSHIPS

Four new partners have joined the Project & Construction and Dispute Resolution teams at Clyde & Co in Saudi Arabia. Three of the new partners are current Clyde & Co team members who have been promoted. While one, Talal Al-Othman who is now a partner in the Dispute Resolution team based in the firm's Riyadh office previously worked as counsel for the Public Investment Fund, Saudi Aramco, Saudi Electricity Company and the Ministry of Energy. Al-Othman has a transactional and disputes background, and will assist clients in resolving complex disputes through direct negotiations, ADR, and court litigation. Meanwhile, his



new colleague Andrew Archer will work as a Partner in the firm's MEA Project & Construction Team. Archer has extensive experience of construction, engineering and infrastructure disputes in Saudi Arabia. In his new role he will focus on Saudi Arabian arbitration but will be based in Dubai. Brendan Molk who has over ten years' experience of high value and complex engineering disputes, is also now a Partner in that team, but will be based in Riyadh. In addition, Will Cadwaladr will now be a Partner in Clyde & Co's Global Projects and Construction team and will be based in the Riyadh office. Cadwaladr previously worked in the firm's Dubai office and has assisted clients with a number of high-profile disputes in the UAE, Syria, Iraq and Oman.

### KHAN-DO ATTITUDE AT M&CO.

Tariq Khan has joined M&Co in Dubai as their new Head of International Arbitration. Khan has extensive experience of working in counsel and arbitrator roles. He has also been a mediator and served as an adjunct professor. Previously, he was a partner at Advani & Co. in New Delhi and was the Founding Registrar of the International Arbitration and Mediation Centre in Hyderabad. In the past Khan has been involved in many complex and high-value arbitrations, in a range of industries including construction, energy, infrastructure. He has also worked on intellectual property, and joint venture disputes, and has also authored several books, including a commentary on Indian Arbitration Law.



EPCM, subcontracting structures, technical services agreements and relevant security documentation.

There are also a further three new partners at King & Spalding in Dubai. Sunandini Das will continue her work on cross-border transactions in sectors such as private equity, technology, and energy there. Dounia Mansour will advise on structuring investment fund vehicles for Middle Eastern markets. In addition, new partner Sayf Shuqair will specialise in asset management and investment fund governance, infrastructure projects, energy, international arbitration and dispute resolution, and investment funds.

However, this is not the only news at King & Spalding. The firm has also recently expanded its presence in Saudi Arabian through a merger with Abdulaziz H Al Fahad & Partners Lawyers. King & Spalding Al Fahad has been established in Riyadh, where they will have a 26-fee-earner office. Al Fahad & Partners, is a respected Saudi law firm which has a 40-year track record. It specialises in energy, capital markets, corporate and commercial law, regulatory matters, real estate, and dispute resolution. Following the merger, the founder of Al Fahad & Partners, Abdulaziz H Al Fahad, along with partners Fahad N. Alarfaj, Ibrahim Alkhudair, and Phil Loynes, are joining King &

Spalding. The merged firm will operate from Al Fahad & Partners' current office until new office space is finalised. It will have a predominantly Saudi national team and will focus on corporate, finance, energy, real estate, Islamic finance, funds, construction, projects, M&A, and dispute resolution. King & Spalding, has been involved in major projects in Saudi Arabia since 2007.

### PARTNERING FOR SUCCESS

Following a unanimous vote by the firm's management committee, Galadari Advocates & Legal Consultants has elected Bassem Pierre Daher to be senior partner. Daher has been a leading figure at Galadari for almost four years. However, in the past he has worked in Europe, the United States and the Middle East. His previous roles have included time as President and CEO (Americas) of IQ-EQ,

### OTHER CHANGES

**Habib Al Mulla and Partners:** UAE-based law firm, has announced an expansion into Iraq through a strategic partnership with Baghdad-based legal practice Al Nesoor Law Firm, a prominent Baghdad-based legal practice.

**Al Tamimi & Company:** Sixteen trainees at Al Tamimi have qualified as associates as part of their Trainee Solicitor Programme. Following changes brought in by the Solicitors Regulation Authority in England and Wales, which enabled firms in the region to offer the authority's scheme Al Tamimi launched this programme.

### KING-SIZED PROMOTIONS

Four new partners have been promoted in King & Spalding's UAE offices. Over in Abu Dhabi Almiro Clere will focus on major infrastructure and energy projects, including renewables and gigaprojects. In the past Almiro has advised developers on many high-profile infrastructure and power projects, including the Dubai Artificial Reef, Formosa 1, 2 and 3 offshore wind farms in Taiwan, the Singapore Port expansion, and the Kai Tak National Sports Park Project in Hong Kong. He has extensive experience with the full suite of construction documentation, from complex EPC turnkey arrangements through to DBO,

## I MOVERS AND SHAKERS I

which is a global leader in investor and fund services. He has also worked at Bonn Schmitt Steichen and Bridgedawn. He has two decades of extensive cross-border experience across the UAE, Luxembourg, the United States and Lebanon. His work focuses on dispute resolution, corporate/commercial and real estate matters. He has also been responsible in the past for structuring multi-billion-dollar deals and assisting numerous companies in the development of their investments and commercial activities, and their local and global expansion. Before he joined Galadari he was the President and Chief Executive Officer (Americas) at one of the largest independent investor services groups with a remit for over 23 jurisdictions. In addition, to his new role at Galadari, Daher holds independent board memberships in various industries. He is also a lecturer at the Government of Dubai Legal Affairs Department. As senior partner, Daher will work on Galadari's strategic direction, and on expanding its regional and global position. At present operates from three offices in the UAE, and employ over 50 Emirati and international lawyers.

### A NEW FORCE AT EVERSHEDES

Eversheds Sutherland has appointed Musab Aljammaz as a new partner in their Riyadh office. Aljammaz was previously the Head of the Legislation Office at Saudi Arabia's Ministry of Justice. He has a dual Masters of Law from the University of California at Berkeley and Imam University. Aljammaz's arrival comes as Eversheds Sutherland has deepened its partnership with AlDhabaan & Partners through a formal joint venture after 13-years of collaborating with the firm. As a result Eversheds Sutherland now have 40 fee earners in Saudi Arabia, including eight partners.

### OSMAN TAKES THE CAPITAL LEAD

Over at Ashurst Maha Osman has become a partner in its Corporate practice, based in Dubai. Osman, previously worked at Freshfields, and has experience of private capital investments, with a particular focus on the Middle East and Africa. Her main areas of expertise include working with financial sponsors, private equity investors and sovereign wealth funds, on a diverse range of transactions and infrastructure projects.

### LANE SETS SAIL FOR DUBAI

Partner Eleanor Lane has relocated to CMS's Dubai office, as part of a move to expand the firm's Middle East Projects and Maritime practice. Lane has over 20 years of experience, and in the past has worked on high-profile and complex maritime and infrastructure projects. She has particular expertise in public-private partnerships (both PFI and NPD), public service concessions, and strategic outsourcing projects.



### LEGAL EAGLES LAND IN DUBAI

Three new partners have all joined Eptalex in the firm's Dubai office. Eptalex is an international law firm which has offices in Abu Dhabi, Beirut, Dubai, Istanbul, Milan, and Riyadh. The first new partner, Lara Dagher, is an advocate of women's rights and has over 20 years experience. She previously founded and managed Beirut Practice Law Firm. Dagher specialises in corporate law, mergers and acquisitions, and intellectual property, with a focus on the cosmetics, fashion, construction, and technology sectors. Her past work has included negotiating a major cosmetic brand acquisition and handling significant franchising contracts. The second new partner Diane Assaf, was previously a partner at the Assaf Law Firm in Beirut. She has extensive experience in litigation, corporate law, alternative dispute resolution, and intellectual property. In the past, she has represented clients in complex civil and commercial matters. Finally, Hala Akl, the third new partner has over 15 years of experience, and previously worked at HAL Legal Consultancy in the UAE. Her work focuses on M&A transactions, corporate law, private equity, financial services, and regulatory compliance. In the past she has held a variety of roles including as a senior legal counsel at Mawarid Finance PJSC and a partner at Sami Nahas Law Firm.



its expansion into the Middle East and the opening of a Dubai office. The firm has partnered with Abdelaziz Al Blooshi Advocates & Legal Consultants LLC (trading as ALB Mathew) to enhance its ability to serve clients across the region.

The Dubai office will operate as ALB Mathew in association with Excello Law, and will office offers a full range of legal services, including corporate, commercial, real estate, dispute resolution, and employment law. They will have rights of audience in the UAE onshore civil courts. The new Middle East operation will be led by Abdelaziz Al Blooshi, Sujith Mathew, and newly appointed partner Richard Ding. They will assist businesses and individuals with cross-border legal needs, offering seamless support between the UAE and other jurisdictions. They hope to help and support corporate clients, investors, and entrepreneurs looking to navigate the Middle East legal landscape.

### HATCHING NEW HEIGHTS

BCLP - Bryan Cave Leighton Paisner has appointed Philip Hecht as a partner in its Abu Dhabi Real Estate team. Hecht joins the firm from Miral, a leading developer of entertainment and leisure destinations and attractions, including Ferrari World Abu Dhabi and Warner Bros. World Abu Dhabi. At Miral he managed legal affairs for development, construction, and asset management.



He has 16 years of experience of working in the UAE, including time spent in senior in-house roles at Aldar, and Etihad Airways. However, he has also spent over a decade in private practice both at CMS and DLA Piper.

Hecht is a dual-qualified and has 19 years' experienced of work as a Real Estate and Construction lawyer which has included high-profile real estate, construction and projects mandates across a broad range of sectors. He is also a Fellow of the Chartered Institute of Arbitrators.

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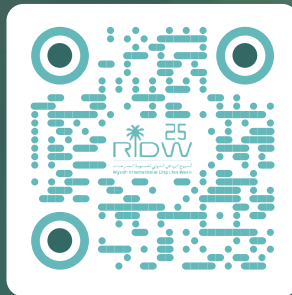
  
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## Cloud Computing



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**O**man's Telecommunications Regulatory Authority (TRA) have recently issued Decision No. 1152/2/19/2024-20, a set of regulations on cloud computing services and data centres.

These regulations apply to cloud computing services and data centres operating within Oman. They cover a broad range of data, including commercial, governmental, and non-personal data, stored, processed, or transmitted through cloud infrastructure. The regulations set out standards for data handling, information security, compliance requirements, and operational transparency.

They also emphasise the need for permits and compliance with data sovereignty, and prohibit the transfer of sensitive data (Levels 3 and 4, including governmental and financial information) outside Oman without TRA approval.

Level 3 data is regulated private sector data for example energy, utilities, and insurance data. Level 4 data is highly sensitive data from state entities, financial institutions, and the health sectors.

These measures are designed to uphold data sovereignty and security, ensuring robust protection for users in Oman.

International cloud computing solutions can be seamlessly implemented provided the necessary permissions are obtained, aligning with the country's regulatory framework.

### CONTRACT REQUIREMENTS

When contracting with an Omani cloud service provider, it is important to proactively include provisions that outline clear steps to address potential scenarios such as permit suspension or termination.

Since permits are issued for three-year terms, contracts should detail measures to safeguard data, ensure service continuity, and facilitate a smooth transition of services in the unlikely event of nonrenewal or regulatory challenges. Additionally, contracts should incorporate comprehensive provisions for the handling, storage, and transfer of sensitive data, particularly for data classified under Levels 3 and 4. The regulations provide robust data security standards and require approvals for transferring certain data outside Oman, ensuring the highest level of protection for sensitive information. By including these detailed terms, cloud services contracts will not only ensure compliance with Omani regulations but also provide greater confidence in the resilience and security of the services being provided.

### LIABILITY

The new regulations prioritise subscriber protection by prohibiting cloud service providers from limiting their liability for loss of subscriber content or failure to meet service standards.

Contracts must therefore align with these regulations by avoiding clauses that absolve providers of such responsibilities. Instead, they should clearly outline liability terms that comply with the regulatory framework.

### OTHER FEATURES

These contracts should also address the supplier's responsibilities for data backup, recovery processes, and breach notification obligations.

These new Regulations require subscribers to be notified within 72 hours of a data breach and the TRA must also be notified within 12 hours in the case of significant incidents. It is also advisable that these contracts include clauses on compliance with international security standards such as IISO27001, ISO22301), encryption requirements, and incident response procedures. There should also be clearly defined Service Level Agreements (SLAs) covering uptime, maintenance schedules, and penalties for non-compliance, in line with the regulations as these require transparent terms for service levels, pricing, and liability.

### WHAT'S NEXT

These new regulations represent a significant shift in how cloud computing services are governed in Oman.

As businesses and cloud service providers begin to navigate the updated legal landscape, it is crucial to not only focus on compliance but also on the operational impact these regulations will have. Businesses should review their existing cloud service agreements to ensure compliance with the new regulations.

They should ensure their current cloud service providers hold valid permits.

Contracts should also be updated to include provisions on licence lapse, data localisation requirements, and breach notification obligations.

In addition, any SLAs which are negotiated should reflect the mandatory requirements on service levels, liability limitations, and compliance standards for data security.

This article was co-written with Salim Al Harthi, Associate.



Contributor  
Maad Al Balushi,  
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