

Qatar Financial Centre consults on draft netting law: The Qatar Financial Centre (“QFC”) Authority issued Consultation Paper No.5 of 2017 on 19 June to consult on a proposed netting regime for the free zone. The consultation is open for 30 days. The aim is to ensure that the set-off and netting provisions in cross-border derivatives entered into between a QFC Financial Institution and a non-QFC counterparty (which are typically entered into using an ISDA Master Agreement) are enforceable in accordance with their terms, including in the event of insolvency. There is some uncertainty on this issue given the limited provisions currently in place under QFC law on the netting of contractual obligations. The QFC’s stated aim is to seek a legal opinion on the enforceability of the netting regime, which it aims to publish in conjunction with ISDA, for the benefit of ISDA members. This is similar to the approach taken by ISDA in various other jurisdictions. The first netting law in the GCC region was the DIFC Netting Law (DIFC Law No.2 of 2014), enacted in 2014.

Islamic Finance regulatory developments: In April, the Islamic Financial Services Board (ISFB) (an international standard-setting organisation based in Malaysia) published “Guiding Principles on the Disclosure Requirements for Islamic Capital Market Products”. The principles aim to harmonise the regulations and disclosure requirements for Sukuk and Islamic collective investment schemes. In the UAE, the Cabinet has approved the establishment of a Higher Shariah Board for banking and finance which is to be responsible for setting the standards, general principles and rules for banking and financial transactions to ensure they are Shariah compliant, and a Fatwa Council, which is to be the sole reference for fatwa across the UAE. In Kuwait, the Central Bank has announced a new Islamic Finance framework to be introduced before the end of 2017 after consultations with local banks.

Dubai Court invalidates DIFC Court decision on using the DIFC as a conduit to enforce arbitral awards onshore: The Dubai Court of First Instance is reported to have decided that the DIFC Court decision in *Banyan Tree Corporate PTE Ltd v Meydan Group LLC* (ARB 003/2013) is invalid on the basis that the DIFC Court lacked jurisdiction (Dubai Court of First Instance Case No.1619/2016). The DIFC Court in the *Banyan Tree* case recognised an award issued by the Dubai International Arbitration Centre (DIAC) in Dubai and referred it to the Dubai Courts for enforcement against assets, as there were no assets in the DIFC. This opened the possibility of the DIFC Courts being used as a gateway to enforce arbitral awards in Dubai, even where there is no connection with the DIFC ([Read more](#)). In our view, the Dubai Court decision is wrongly decided. The DIFC Court has jurisdiction under one of the jurisdictional gateways in the Judicial Authority Law (Dubai Law No. 12 of 2004, as amended), as the DIFC Arbitration Law (Law No. 1 of 2008) allows the DIFC Courts to hear applications to recognise an arbitral award as binding within the DIFC "irrespective of the jurisdiction in which it was made" and to enforce an arbitral award against assets within the DIFC. Where the assets are located outside the DIFC, the DIFC Court order recognising the award may be referred for enforcement to the relevant court in accordance with applicable laws. Further, the decision is surprising as the Judicial Tribunal for the Dubai Courts and the DIFC Courts (established by Dubai Decree No. 19 of 2016) has authority to decide on conflicts of jurisdiction and conflicts of judgments between the DIFC Courts and the Dubai Courts ([Read more](#)) and the Dubai Courts and the DIFC Courts are each independent courts of the UAE.

New merger regime in the United Arab Emirates: The UAE Securities and Commodities Authority (“SCA”) is reported to have issued Decision No. 18/RM 2017 regulations on mergers and acquisitions of UAE-based joint stock companies. The decision will come into force following its publication in the Official Gazette. Further regulation by the SCA in this area was anticipated under the Commercial Companies Law (Federal Law No.2 of 2015), and a consultation on draft regulations took place in 2016 ([Read more](#)).

Abu Dhabi revises public debt laws: There are additional requirements to and restrictions on borrowing, issuing guarantees, raising capital, lending, selling and making investments under Abu Dhabi law where the borrower is wholly owned or majority owned (more than 50%) by the Abu Dhabi Government. Abu Dhabi Law No. 1 of 2017 Regulating the Financial System of Abu Dhabi Government codifies and supercedes previous regulations in this area, requiring Executive Council approval and compliance with rules to be issued by the Department of Finance.

DIFC Courts and Abu Dhabi Courts enter into Memorandum of Understanding concerning judicial cooperation: In April, the Abu Dhabi Judicial Department and the Courts of the Dubai International Financial Centre (“DIFC”) entered into a Memorandum of Understanding (“MoU”) concerning judicial cooperation. The MoU provides high level guidance that the courts will cooperate in the area of the enforcement of judgments, in accordance with applicable laws (although the applicable laws and procedures are not expressly described in the MoU). DIFC Court judgments may be enforced in Abu

Dhabi relying on the enforcement regime set out in the Judicial Authority Law (Dubai Law No. 12 of 2004, as amended), and/or the process of referral under Federal law. However, this is not expressly stated in the MoU. There are no publicly reported cases where a DIFC Court judgment has been enforced in the Abu Dhabi Courts.

Update on VAT in the GCC: The GCC Member States (Saudi Arabia, Bahrain, Kuwait, Qatar, Oman, and the UAE) are preparing to implement Value Added Tax regimes based on the VAT principles agreed in the Unified GCC Agreement for Value Added Tax (the “GCC UAVAT”). The GCC UAVAT provides that VAT on the supply of goods or services within the scope of VAT will generally be charged at a standard rate of 5%, unless the goods or services are exempt or zero-rated. The GCC countries have until 1 January 2019 to implement the GCC UAVAT into national law. It was announced by the General Secretariat of the GCC in May that the GCC UAVAT has come into effect following ratification. Implementing legislation is required in the Member States by 1 January 2019. Steps are being taken towards implementation, including in May, the Saudi Arabia General Authority of Zakat and Tax published a draft VAT law for consultation and announced on that Saudi Arabia will implement VAT on 1 January 2018. The UAE is also set to introduce the new tax on 1 January 2018.

Linklaters UAE Bankruptcy Law 2016 series: We have published a series of notes on the UAE’s new Bankruptcy Law, Federal Decree Law No. 9 of 2016, which came into force on 29 December 2016. The notes outline the context of the reform, the preventive composition and bankruptcy procedures, who can use them and the infrastructure to support them, the duties and liabilities of directors, creditors and office holders, the position of creditors and the potential impact of the reform. The series is available on our Knowledge Portal. The Linklaters Knowledge Portal is your free, online subscription service, available exclusively to our clients. The Portal enables you to receive the latest legal updates on your chosen topics and search content written by lawyers from across our global network. Click [here](#) if you would like to sign up to our Knowledge Portal.

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Linklaters Cross-border Guide for Group Company Directors: Multi-national companies need to adapt to local regulations, but also maintain global standards. This is as important for corporate management and culture as for products and services. Our Cross-border guide for group company directors aims to assist international groups with this task and has just been updated. The guide covers 25 jurisdictions, including the UAE, and gives an overview of what it means to be a director of a typical subsidiary company under different legal regimes. Click [here](#) to read more on our website. The publication is available on our Knowledge Portal. If you are already signed up to our Knowledge Portal, [click here](#) to view it. Click [here](#) if you would like to sign up to our Knowledge Portal.

Linklaters Arbitration Links: our new international arbitration blog: Linklaters Global Arbitration practice have launched a dedicated blog, where you can find insights, updates and news from our team of experts across a wide range of jurisdictions, including in the Middle East. You can sign up to receive regular email updates. Click on the link to access our blog: <https://www.arbitrationlinks.com/>

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