

SIGNIFICANT CHANGES IN UAE COMPETITION LAW: PUBLICATION OF LONG-AWAITED THRESHOLDS FOR MERGER CONTROL FILINGS.

UAE Cabinet Resolution No. (3) of 2025 clarifies the current thresholds for the purposes of merger control filings including for the first time, a turnover based test coming into force on 31 March 2025.

The United Arab Emirates ("**UAE**") initiated a major transformation of its competition law framework in 2023, introducing a new phase of regulatory supervision. Federal Decree-Law No. 36 of 2023 (the new "**UAE Competition Law**") signified a considerable departure from the previous system. Although the law came into effect from 29 December 2023, the relevant thresholds for merger control filings have just been published with effect from 31 March 2025. Further Implementing Regulations that will accompany the new UAE Competition Law are yet to be published however, and are expected in the coming months. We set out below the new thresholds with a background on the new regime.

BACKGROUND

The new UAE Competition Law applies to all types of businesses, irrespective of their legal form, including individuals or associated persons, head offices, branches, and representative offices. It encompasses economic activities conducted within the UAE, economic activities outside the UAE that affect internal competition as well as usage of intellectual property rights domestically or internationally. Since the entry into force of the new regime in December 2023, companies and practitioners have been waiting for the adoption of its Implementing Regulations, which will shed light on many unclear aspects of the new regime. While the adoption of Cabinet Resolution No. (3) of 2025 is a step towards greater clarity, there remain significant details that need to be addressed to ensure a comprehensive and effective implementation of the regime.

Key issues

- Introduction of a new turnover-based test under UAE merger control rules with effect from 31 March 2025
- Uncertainties remain in relation to UAE local nexus test
- No change in the market share or dominance thresholds
- No further clarity yet on sectorial exemptions
-

UPDATED MERGER CONTROL RULES: NEW TURNOVER TEST REVEALED

Regarding merger control, the new law introduces an additional turnover threshold alongside the existing market share threshold, providing more predictability in determining whether companies must notify a transaction to the UAE Ministry of Economy (the '**MoE**'). Two conditions must be satisfied for a transaction to require filing under the new UAE Competition Law.

Firstly, the transaction must be considered an "Economic Concentration." An Economic Concentration arises where a total or partial transfer (of property, usufructs or rights in stocks and shares and obligations) occurs through either a merger or acquisition and such transfer empowers one party to directly or indirectly 'control' another entity or group of entities. With regard to joint ventures, the new UAE Competition law is broadly construed and could encompass a wide variety of joint ventures. While there are currently no specific guidelines available regarding joint ventures, it is likely that they fall under the scope of Economic Concentration. However, it remains uncertain whether greenfield joint ventures and non full-functional joint ventures will be captured by the UAE merger control rules. We anticipate further clarification on these aspects under the upcoming Implementing Regulations. Similarly, given the notion of "control" is not further explained in the new law, it is yet to be clarified how acquisitions of minority shareholdings will be treated under the upcoming Implementing Regulations.

Secondly, the transaction that qualifies as an Economic Concentration must meet one of the following thresholds defined by Cabinet Resolution No. (3) of 2025 and published last month and with effect from 31 March 2025:

- **Turnover Threshold:** the annual sales of the parties involved in the economic concentration, in the relevant market in the UAE, during the last fiscal year exceed 300 million dirhams (approximately USD 81.7 million and EUR 79.2 million). It is unclear at this stage whether the new reference to 'relevant market' should be interpreted as meaning that only turnover related to the products and services which are within the parameters of the transaction should be captured. It seems as well that this threshold could be met by one party alone; or
- **Market Share Threshold:** the combined market share of the parties involved exceeds 40% in the relevant market in the UAE during the last fiscal year, which is in line with the previous UAE merger control threshold.

Despite the Implementing Regulations not having yet been adopted, transactions meeting the above-mentioned jurisdictional thresholds will trigger a mandatory pre-closing filing from 31 March 2025 absent any available exemption.

PROHIBITION ON ABUSE OF DOMINANCE: NO CHANGE IN THE MARKET SHARE

Regarding dominance, and in line with the previous UAE competition regime, the new Competition Law prevents any undertaking from exploiting a dominant position in the market, which includes actions intended to distort, reduce, limit, or restrict competition. In the UAE, determining a "dominant position" depends on whether:

- The combined market share of the parties concerned (individually or jointly) exceeds 40% in the relevant market, as confirmed by Cabinet Resolution No. (3) of 2025, market share which is in line with the definition of dominance under the previous regime; or
- The entity has the ability to influence the market in a way which would cause harm in the relevant market, as will be defined in the new Competition Law's Implementing Regulations.

NO FURTHER CLARITY ON SECTORIAL EXEMPTIONS

We anticipate that the upcoming Implementing Regulations will provide further clarity on sectorial exemptions, which have all been removed under the new UAE Competition Law. The latter may suggest that a sectorial exemption is only available if a given sector has its own set of rules already regulating its own competition matters, meaning, as we understand it, for example that it has established rules for handling anti-competitive practices, relevant exemptions, and procedures for approving merger filings. The new regime also foresees that sectors lacking specific competition rules can apply to the MoE to seek guidance for regulating competition within their respective industries.

IMPLICATIONS AND TAKEAWAYS

Impact on M&A transactions and deal timetable

The new thresholds laid out in Cabinet Resolution No. (3) of 2025 will come into force from 31 March 2025. Parties meeting such thresholds must notify the MoE of a reportable economic concentration at least 90 days prior to finalising the transaction (as opposed to 30 days under the previous regime). With the UAE competition law framework now active, these requirements must be considered in relation to M&A transactions involving companies undertaking economic activities in the UAE. If a transaction is likely to require filing with the MoE for approval, early consideration of its impact on the deal timeline is necessary.

Penalties

The new UAE Competition Law has implemented stricter penalties and companies failing to notify a reportable transaction will now be subject to fines ranging from 2% to 10% of the annual revenues from the relevant product or service in the UAE during the previous fiscal year. The law also imposes stricter penalties on those engaged in anti-competitive practices, with fines starting at AED 100,000. The maximum fine is set at 10% of the total annual sales within the UAE during the last fiscal year or AED 5,000,000 if annual total sales cannot be calculated. If it is impossible to ascertain the relevant

revenues, the fine will be a fixed amount between AED 500,000 and AED 5,000,000.

Looking ahead

Although the UAE competition law framework is now more comprehensive legislatively, it is still in an early stage regarding its practical implementation and interpretation. We anticipate that the Implementing Regulations will provide further clarity on several areas of the regime, including amongst others, in relation to sectorial exemptions as well as those available to State-owned enterprises. Moreover, clarity on market definitions will likely emerge from future decisions, which have so far not been made available in the public domain, or guidance from the MoE. We expect the MoE to continue gathering relevant market data to assess potential anti-competitive behaviours effectively. Encouragingly, discussions with the MoE indicate a desire to expedite transaction approval timelines, balancing the Competition Law's objectives to protect and enhance competition with the economic benefits of a dynamic M&A market.



AUTHOR

Sabra Ferhat
Counsel

T +971 507219702

E sabra.ferhat

[@cliffordchance.com](https://www.cliffordchance.com)

CONTACTS



Mohammed Al-Shukairy
Partner

T +971 507086365
E mo.al-shukairy
@cliffordchance.com



Daud Khan
Partner

T +971 506241084
E daud.khan
@cliffordchance.com



Jason Mendens
Partner

T +971 566762199
E jason.mendens
@cliffordchance.com



Deniz Tas
Partner

T +971 564183327
E deniz.tas
@cliffordchance.com



Lynn Ammar
Partner

T +971 505468814
E lynn.ammar
@cliffordchance.com



Jack Hardman
Partner

T +971 506547542
E Jack.Hardman
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Clifford Chance, Level 32, ICD Brookfield Place, Dubai International Financial Centre, P.O. Box 9380, Dubai, United Arab Emirates

© Clifford Chance 2025

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571. Registered office: 10 Upper Bank Street, London, E14 5JJ. We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications. Licensed by the DFSA.

Abu Dhabi • Amsterdam • Barcelona • Beijing • Brussels • Bucharest • Casablanca • Delhi • Dubai • Düsseldorf • Frankfurt • Hong Kong • Houston • Istanbul • London • Luxembourg • Madrid • Milan • Munich • Newcastle • New York • Paris • Perth • Prague • Riyadh* • Rome • São Paulo • Shanghai • Singapore • Sydney • Tokyo • Warsaw • Washington, D.C.

*AS&H Clifford Chance, a joint venture entered into by Clifford Chance LLP.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.