

UAE COMPETITION LAW UPDATE – NEW MERGER CONTROL THRESHOLDS ANNOUNCED

Introduction

The UAE has introduced significant changes to its merger control framework with the issuance of Cabinet Resolution No. (3) of 2025, which establishes the long-awaited thresholds for merger filings. Effective 31 March 2025, the new rules introduce a turnover-based test, requiring businesses to obtain regulatory approval for qualifying transactions.

These changes stem from Federal Decree-Law No. 36 of 2023 (the “**2023 Competition Law**”), which overhauled the UAE’s competition law framework. While the law came into effect on 29 December 2023, companies and legal practitioners have been awaiting clarity on the financial thresholds that determine whether a transaction is subject to review by the UAE Ministry of Economy (“**MoE**”). The newly published resolution now sets those criteria, though further Implementing Regulations under the 2023 Competition Law are expected to provide additional guidance.

Key Changes to Merger Control Rules

The revised competition law introduces two primary thresholds for determining whether a merger, acquisition, or joint venture requires approval from the MoE. A transaction will require pre-closing notification to be filed with the MoE within a period of 90 days prior to its completion if it meets either of the following conditions:

- The total annual sales value of the parties in the UAE market exceeds AED 300 million in the last fiscal year.
- The combined market share of the parties in the UAE exceeds 40% in the relevant market.

The introduction of a turnover-based test aligns the UAE’s competition law with international practices, moving away from an exclusive reliance on market share thresholds. However, there remains ambiguity regarding how “relevant market” is defined, particularly in relation to turnover calculations. Further clarification is expected through the Implementing Regulations. Additionally, the new rules extend the mandatory pre-closing notification period to 90 days, replacing the previous 30-day notification requirement.

This means companies will need to factor in a longer regulatory review process when structuring transactions.

Scope of Economic Concentration and Joint Ventures

The new merger control framework applies broadly to economic concentration transactions, covering mergers, acquisitions, and other transfers of ownership or control. An “economic concentration” is defined under the 2023 Competition Law to be an act that results in the full or partial disposition of property, usufructs, shares, or the rights or obligations related to these either through a merger or acquisition which results in one party to directly or indirectly control another entity or group of entities. Given the vagueness of this definition, questions remain regarding the treatment of joint ventures and transactions involving the sale of a minority shareholder’s shares under the new regime.

The law does not yet specify whether greenfield joint ventures (newly established businesses) or non-full-functional joint ventures (JVs with limited autonomy) will be subject to filing requirements.



Similarly, there is no explicit guidance on whether minority share acquisitions will require approval if they result in significant influence over another entity. These details are expected to be addressed in the forthcoming Implementing Regulations.

Market Dominance Rules Remain Unchanged

While the law introduces significant changes to merger control, the rules on market dominance remain unchanged. A company is considered market dominant if:

- It holds more than 40% of market share in a relevant UAE sector.
- It has the ability to influence market conditions in a way that restricts competition.

Companies holding a dominant position must continue to comply with prohibitions on anti-competitive behavior, such as price-fixing, market manipulation, or restricting competition. The Implementing Regulations are expected to further define enforcement measures for identifying and addressing dominance-related concerns.

Scope of Economic Concentration and Joint Ventures

Failure to comply with the new merger control regulations carries substantial penalties. Companies that fail to notify a reportable transaction may face fines ranging from 2% to 10% of their annual revenue from the relevant UAE market. If turnover cannot be determined, fines may reach up to AED 5 million.

In addition to merger-related penalties, businesses engaging in anti-competitive conduct—such as collusion or abuse of market dominance—may face fines starting at AED 100,000, with maximum penalties set at 10% of total UAE revenues. The MoE has been granted expanded powers to block transactions or impose conditions where necessary to preserve market competition.



Sector-Specific Exemptions and Pending Clarifications

One of the most anticipated aspects of the upcoming Implementing Regulations is clarification on sector-specific exemptions. The previous UAE competition law granted certain exemptions for state-owned enterprises and regulated sectors such as finance and telecommunications. These exemptions were removed in the 2023 Competition Law, leaving uncertainty about whether they will be reinstated or modified under the new framework. Further regulatory guidance is also expected on:

- The exact methodology for defining the relevant market for turnover-based assessments.
- Additional procedural requirements for submitting merger control filings.
- Potential mechanisms for expedited regulatory approvals, particularly for transactions unlikely to pose competition concerns.



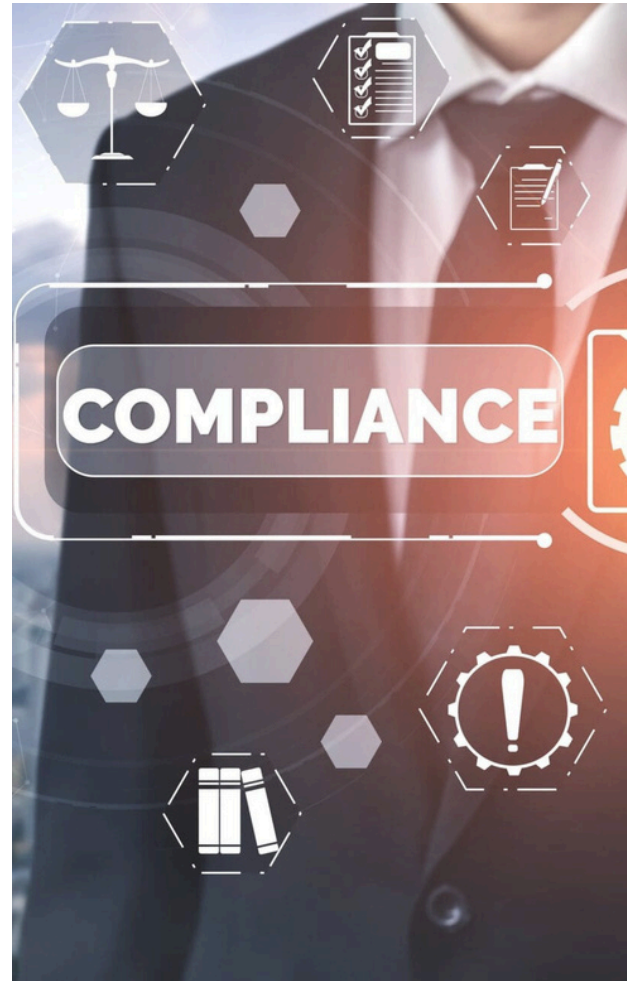


Preparing for the New Regime

Businesses should take proactive steps to ensure compliance with the updated merger control regulations. Companies engaging in mergers, acquisitions, or joint ventures should assess whether their transactions meet the newly established financial thresholds and factor in the extended review period into their deal timelines.

Given the mandatory 90-day pre-closing notification, businesses must adjust their transaction planning accordingly to avoid unexpected regulatory delays. Strengthening internal compliance measures will also be essential, particularly for companies operating in highly concentrated markets.

Monitoring upcoming regulatory developments will be key, as the Implementing Regulations will provide final guidance on procedural and compliance requirements. Businesses should stay informed and prepare to adapt to any additional obligations introduced under the forthcoming regulations.



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