

**Law No. (9) of 2020**  
**Regulating**  
**Family Property in the Emirate of Dubai<sup>1</sup>**

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**We, Mohammed bin Rashid Al Maktoum, Ruler of Dubai,**

After perusal of:

Federal Law No. (5) of 1985 Issuing the Civil Code of the United Arab Emirates and its amendments;

Federal Law No. (10) of 1992 Issuing the Law of Evidence Governing Civil and Commercial Transactions and its amendments;

Federal Law No. (11) of 1992 Issuing the Civil Procedure Code, its Regulatory Bylaw, and their amendments;

Federal Law No. (37) of 1992 Concerning Trademarks and its amendments;

Federal Law No. (18) of 1993 Concerning Commercial Transactions;

Federal Law No. (7) of 2002 Concerning Copyright and Related Rights and its amendments;

Federal Law No. (17) of 2002 Concerning Regulation and Protection of Industrial Property Rights of Patents, Drawings, and Industrial Designs and its amendments;

Federal Law No. (28) of 2005 Concerning Family Affairs and its amendments;

Federal Law No. (2) of 2015 Concerning Commercial Companies and its amendments;

Federal Law by Decree No. (9) of 2016 Concerning Bankruptcy and its amendments;

Law No. (7) of 2006 Concerning Real Property Registration in the Emirate of Dubai and its amendments;

Law No. (4) of 2013 Concerning Notaries Public in the Emirate of Dubai; and

Law No. (13) of 2016 Concerning the Judicial Authorities in the Emirate of Dubai,

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*<sup>1</sup>Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict, the Arabic text will prevail.*

Law No. (9) of 2020 Regulating Family Property in the Emirate of Dubai

**Do hereby issue this Law.**

**Chapter One  
Preliminary Provisions**

**Title of the Law  
Article (1)**

This Law will be cited as "Law No. (9) of 2020 Regulating Family Property in the Emirate of Dubai".

**Definitions  
Article (2)**

The following words and expressions, wherever mentioned in this Law, will have the meaning indicated opposite each of them unless the context implies otherwise:

Emirate:	The Emirate of Dubai.
Ruler:	His Highness the Ruler of Dubai.
Family:	The spouse, and the blood relatives and in-laws up to the fourth degree.
Family Property:	The movable and immovable property; Copyright and Related Rights; Industrial Property Rights of Patents, Drawings, and Industrial Designs; trademarks; and other rights subject of a Family Property Contract.
Family Property Contract:	An agreement concluded by Family members who are engaged together in business, or have common interests, to regulate Family Property that is co-owned by them in undivided shares and determine the method of management of such property.
Partner:	A party to a Family Property Contract or an Heir who expresses, whether in person or through his legal representative, his intention to be a party to the Family Property Contract.

Heir:	A legitimate successor of the estate of a Partner.
Manager:	A natural or legal person who is appointed by the Partners to manage the Family Property.
Tribunal:	A special tribunal formed by the Ruler to settle any disputes arising from Family Property Contracts.

### **Objectives of the Law Article (3)**

This Law aims to:

1. develop a comprehensive and clear legal framework to regulate Family Property in the Emirate and facilitate its transfer to successive generations;
2. preserve Family Property and enhance its contribution to economic and social development in the Emirate;
3. maintain social cohesion and avoid anything that may cause disputes amongst Family members;
4. establish strong and lasting partnerships amongst Family members to compete in all economic activities, and encourage them to serve the community especially in the fields of education, health, and culture; and
5. meet development and growth needs by developing the capabilities of successive generations of young leaders to manage Family Property, and enabling them to benefit from the past experience of fathers and forefathers.

### **Scope of Application Article (4)**

The provisions of this Law will apply subject to the will of Family members who jointly hold the ownership of property, whether this ownership has existed by the effective date of this Law or is established thereafter. The subject of this ownership may be:

1. shares and stocks in commercial and civil companies and assets of sole proprietorships, excluding shares and stocks in public joint stock companies; or

2. any other movable or immovable property.

## **Regulating Family Property**

### **Article (5)**

Family Property will be created and regulated pursuant to the Family Property Contracts governed by the provisions of this Law, and subject to the conditions agreed upon by the Partners.

## **Chapter Two**

### **Family Property Contracts**

#### **Requirements for Validity of Family Property Contracts**

##### **Article (6)**

To be valid, a Family Property Contract must meet the following requirements:

1. All parties to the contract must be members of a single Family.
2. All parties to the contract must be engaged together in business or have a common interest.
3. The share of each Partner must be determined in the Family Property Contract.
4. The parties to the Family Property Contract must own, or have the right to dispose of, the property subject of the contract.
5. The Family Property Contract must be attested by a Notary Public in accordance with the rules and procedures stipulated in the above-mentioned Law No. (4) of 2013.
6. The Family Property Contract must not conflict with public order.

#### **Evidential Value of Family Property Contracts**

##### **Article (7)**

A Family Property Contract that meets the requirements stipulated in Article (6) of this Law will have the same evidential value of the official documents attested by Notaries Public, as against other Partners, their universal or particular successors, and third parties.

**Term of Family Property Contracts**  
**Article (8)**

- a. The term of a Family Property Contract will be determined by agreement of the Partners, but may not exceed fifteen (15) years. The contract may be renewed unanimously by the Partners for the term they agree upon, provided that this term does not exceed fifteen (15) years.
- b. Where the Partners fail to agree on the term of a Family Property Contract, any Partner may request the Tribunal's permission to exclude his share from the Family Property after the lapse of six (6) months from the date on which he notifies this intention in writing to the other Partners.

**Commencement of Family Property Contracts**  
**Article (9)**

- a. A Family Property Contract will be valid and will have its legal effect as of the date determined by the Partners. The Partners may agree that the contract commencement be conditional upon the death of any Partner specified therein.
- b. As to whether the Family Property Contract would be enforceable and binding upon an Heir, he may opt for any of the following:
  1. to continue as a Partner in the Family Property Contract in proportion to the share of the Family Property bequeathed to him; or
  2. to dispose of the share of the Family Property bequeathed to him, subject to his compliance with the provisions of Article (13) of this Law with respect to offering his share to other Partners.

**Amending Family Property Contracts**  
**Article (10)**

A Family Property Contract may be amended with the agreement of a number of Partners who own at least seventy-five percent (75%) of the Family Property, unless the contract provides for a higher percentage.

**Ownership by Partners**  
**Article (11)**

- a. A Family Property Contract must determine the share of each Partner in the Family Property.
- b. Where any dispute arises amongst Partners concerning their shares in the Family Property, these shares will be determined based on each Partner's legal share in the estate where their joint ownership of the Family Property is due to the death of their legator, or based on the valuation of the contribution of each Partner where their joint ownership of the Family Property is not due to inheritance, such as in the case of providing financial or in-kind contributions.
- c. Where any assets of the Family Property are comprised of shares or stocks in companies, the entering by a Partner into the Family Property Contract will be deemed acceptance on his part of the articles of association of these companies.

**Death, Missing Status, and Lack of Capacity of Partners**  
**Article (12)**

- a. Where a Partner dies, each of his Heirs who wish to continue as parties to the Family Property Contract will own the share bequeathed to him by that Partner in the Family Property. By accepting the ownership of that share, the Heir agrees to enter into the Family Property Contract.
- b. The relevant general rules stipulated in the legislation in force will apply to any matter related to the share of a Partner in the Family Property in case that Partner goes missing, lacks capacity, is placed under interdiction, or is prevented by any reason or circumstances from the quiet enjoyment of his share.

**Disposition by Partners or Heirs of their Shares**  
**Article (13)**

- a. Subject to the provisions of paragraph (b) of Article (8) of this Law, no Partner may request the subdivision of the Family Property while the Family Property Contract is still valid.
- b. Where a Partner or an Heir wishes to dispose of his share in the Family Property, he must offer this share for sale to other Partners, in proportion to their respective shares in the

Family Property. However, where the Partner or Heir wishes to dispose of his share through assignment to his spouse, to any of his first degree relatives, or to a specific Partner, he will not be required to offer the share for sale to other Partners, unless the Family Property Contract provides otherwise.

- c. No Partner or Heir may dispose of his share to other than Partners or grant a third party a real right in that share without first obtaining the approval of a number of Partners who own at least fifty-one percent (51%) of the Family Property.
- d. Where no Partner expresses his wish to acquire the ownership of the share of the Partner or Heir wishing to dispose of his share in the Family Property pursuant to the provisions of paragraph (b) of this Article, or where the Partners object to the disposition of that share to a third party in accordance with paragraph (c) of this Article, the Tribunal may grant permission to that Partner or Heir to dispose of his share to third parties if it finds that such disposition is reasonably justified, provided that the disposition does not affect the integrity of the Family Property.
- e. In all events, the disposition of the share of any Partner or Heir in Family Property must be in accordance with the legislation in force in the Emirate.

### **Devolution of Partners' Shares to Third Parties** **Article (14)**

- a. Where a third party acquires the ownership of the share of a Partner or an Heir for any reason other than those stated in Article (13) of this Law, all or any of the other Partners may, within sixty (60) days from the date on which they become aware of this acquisition, request to acquire the ownership of that share at the price agreed upon with that third party or at the price determined by the Tribunal where no agreement is reached.
- b. Where no Partner requests, within the period specified in paragraph (a) of this Article, to acquire the ownership of the Partner's or Heir's share devolved to the third party, that party will be accepted as a Partner only with the approval of a number of Partners who own at least fifty-one percent (51%) of the Family Property, unless the Family Property Contract provides for a different percentage. Where this approval is not granted, the Tribunal will issue a decision for compensating the third party for the share; or demarcating the share and excluding it from the Family Property, in which case the third party will be enabled to take possession of the same in accordance with the legislation in force in the Emirate.

**Bankruptcy or Insolvency of Partners**  
**Article (15)**

- a. Without prejudice to any legislation in force, where a Partner declares his bankruptcy or insolvency, the other Partners may, in proportion to their respective shares in the Family Property, acquire the ownership of the Partner's share to be included in the bankruptcy or insolvency estate at the price to be agreed upon with the bankruptcy or insolvency trustee or to be determined by the Tribunal in the absence of such an agreement.
- b. Where no Partner requests to acquire the ownership of the Partner's share included in the bankruptcy or insolvency estate as stated in paragraph (a) of this Article, the Tribunal will issue a decision for compensating the Partner for the share; or demarcating the share and excluding it from the Family Property, in which case the bankruptcy or insolvency trustee will be enabled to take possession of the same in accordance with the legislation in force in the Emirate..

**Managing Family Property**  
**Article (16)**

- a. The Family Property governed by a Family Property Contract will be managed by a Manager who is appointed pursuant to a resolution of a number of Partners who own at least two-thirds (2/3) of the Family Property. The Manager may be one or more persons from amongst the Partners or third parties, but their number must always be odd. A Manager may also be a legal person.
- b. The management of Family Property will be governed by this Law and the rules and procedures stipulated in the Family Property Contract.
- c. Partners may not interfere with the management of the Family Property or any of its assets, except as stipulated in the Family Property Contract.
- d. A Family Property Contract may stipulate that a board of directors be formed to supervise the management of the Family Property and the work of the Manager. Members of the board of directors will be nominated in the Family Property Contract, failing which the contract must determine the entity authorised to nominate these members. The Family Property Contract may also stipulate the rules, regulations, and conditions that govern the formation, powers, term of membership, remuneration and removal of the members, and affiliated committees of the board of directors. The Family Property Contract may also



determine the subjective and objective criteria of membership and any other matters related to the governance of the board of directors.

- e. The appointment of the Manager or members of the board of directors will not be affected by the death, bankruptcy, insolvency, missing status, or lack of capacity of one or more of the Partners. The management of the Family Property will remain unaffected until a new Manager is appointed or the board of directors is reconstituted in accordance with the procedures stipulated in the Family Property Contract.
- f. Partners who are not appointed as Managers will have the right to be acquainted with the Family Property affairs. They may also form a council of Partners and establish its functions; membership requirements; and organisational, administrative, and financial structures, as well as any other provisions that aim to promote positive and constructive communication amongst Partners, to enhance their communication with the Manager, and to regulate any other matters related to the governance of that council of Partners.
- g. A Family Property Contract may determine the minimum academic qualifications, experience, behavioural traits, and other criteria that must be met by Partners and members of their Families to work at the companies and establishments that form part of the Family Property. The satisfaction of these criteria must be reviewed by a committee constituted pursuant to the Family Property Contract.

### **Functions of Managers Article (17)**

A Family Property Contract will determine the duties and powers of the Manager. In particular, the Manager will, without prejudice to the provisions of the Family Property Contract, have the duties and powers to:

1. directly manage the Family Property;
2. distribute dividends and other benefits generated from the jointly owned property to Partners in the manner and percentages stipulated in the Family Property Contract;
3. deduct from the dividends and other benefits payable to any Partner any amounts owed by that Partner to the Family Property;

4. request the Tribunal to remove any Partner from the Family Property Contract and sell his share in the Family Property to other Partners where that Partner fails to meet his obligations as stipulated in this Law and in the Family Property Contract;
5. represent the Family Property before third parties;
6. seek the assistance of any person as he deems appropriate to assist him in managing the Family Property; and
7. perform any other duties that are stipulated in the Family Property Contract.

### **Obligations of Managers Article (18)**

A Manager must exercise the due diligence a prudent person would exercise in preserving the Family Property. In particular, the Manager must:

1. not own or manage directly or indirectly, for his own account or for the account of third parties, any economic activity that competes with the economic activities undertaken based on the Family Property Contract without obtaining the approval of a number of Partners who own at least seventy-five percent (75%) of the Family Property;
2. submit to Partners periodic reports on his management of the Family Property, including on the financial position of the jointly owned property;
3. not provide the Family Property as security to obtain personal loans;
4. not dispose of the jointly owned property, except as stipulated in this Law and the Family Property Contract; and
5. meet any other obligations stipulated in the Family Property Contract.

### **Liability of Managers for Remedy of Damage Article (19)**

A Manager will be liable for the remedy of any damage that may be sustained by the Family Property, by any Partner, or by third parties in any of the following cases:

1. his non-compliance with the Family Property Contract or the terms of his appointment;

2. failure to meet his obligations as stipulated in this Law; and
3. any negligence on his part or fault committed by him during the performance of his duties in breach of his obligation to exercise the due diligence a prudent person would exercise.

### **Multiple Managers**

#### **Article (20)**

- a. In case of multiple Managers and where they are required pursuant to the Family Property Contract or the resolution appointing them to jointly manage the Family Property, the Managers must make their decisions unanimously unless otherwise agreed by the Partners. This does not include a Manager acting severally to perform an urgent duty to avoid a material loss to be sustained by the Family Property or a loss of profit for the Partners.
- b. In case of multiple Managers and where each of them is assigned specific functions, each Manager will be accountable to the Partners or to third parties only for the acts that fall within the scope of his functions.
- c. In case of multiple Managers and where the Family Property Contract or the resolution appointing them does not stipulate that they jointly carry out the acts of management, each of them may perform any act of management and that act would be deemed valid unless the majority of Managers objects to it before it is completed. In case of a tie of votes, the matter will be referred to the board of directors or to the Partners, as the case may be, for final determination.

### **Removal of Managers**

#### **Article (21)**

A Manager will be removed in the cases stated in the Family Property Contract in the manner in which, and by the majority by which, he is appointed. Where the Manager is appointed pursuant to an express provision in the Family Property Contract, he may only be removed by the majority of Partners that is required for amending the contract. Where the Manager is a Partner, he may not cast his vote on his removal decision.

## **Termination of Family Property Contracts**

### **Article (22)**

A Family Property Contract will be terminated in any of the following cases:

1. where the Family Property Contract expires in accordance with paragraph (a) of Article (8) of this Law and the Partners express their intention not to renew the contract;
2. where a number of Partners who own at least fifty-one percent (51%) of the Family Property agree to terminate the contract before its expiry, unless the Family Property Contract stipulates a different percentage;
3. if the property subject of the Family Property Contract is lost, destroyed, or diminished to a level that makes it impossible for the Family Property to continue in existence;
4. if a definitive judgement terminating the contract is rendered by the Tribunal; or
5. in any other case as stipulated by the Family Property Contract.

## **Settlement of Disputes**

### **Article (23)**

The Tribunal will hear all the disputes that arise from Family Property Contracts. The Tribunal will be formed pursuant to a resolution of the Ruler from amongst experts and specialists in the legal, financial, and family business management fields. The Tribunal will have exclusive jurisdiction in the Emirate to hear these disputes. The resolution forming the Tribunal will determine the procedure for appointing its members; the functions of the Tribunal; and the legal effects, and method of implementation, of its judgments.

## **Interpretation of Family Property Contracts**

### **Article (24)**

- a. A Family Property Contract will be interpreted in accordance with the mutual intent of Partners and the goals and objectives for which the Family Property is founded, and in a manner that ensures the proper management, continuity, development, and smooth transfer of Family Property across successive generations.

- b. If a Family Property Contract includes a condition or term that conflicts with this Law, the legislation in force in the Emirate, or public order and morality, the Family Property Contract will remain valid and the conflicting condition or term will be deemed null and void.

### **Chapter Three Final Provisions**

#### **Obligations of Government Entities**

##### **Article (25)**

All Government Entities in the Emirate must take the necessary action to implement this Law, including to modify their commercial and real property records, and the title and disposition deeds related to Family Property, to be consistent with the provisions of this Law and the legislation in force.

##### **Repeals**

##### **Article (26)**

Any provision in any other legislation will be repealed to the extent that it contradicts the provisions of this Law.

#### **Publication and Commencement**

##### **Article (27)**

This Law will be published in the Official Gazette and will come into force on the day on which it is published.

**Mohammed bin Rashid Al Maktoum  
Ruler of Dubai**

Issued in Dubai on 13 August 2020

Corresponding to 23 Thu al-Hijjah 1441 A.H.