

Legal Alert



The New UAE Pledge Law – Promulgation of Regulations That Make Registration Available

By Charles Laubach and Vivek Agrawalla | 15 April 2018

UAE Federal Law 20 of 2016 (Regarding the Pledge of Movable as Security for a Debt) (the **Pledge Law**) introduced a new regime for registering a pledge over moveable assets which are pledged as security for the repayment of a debt. We reported on this law in our inBrief of January 2017, [New UAE Pledge Law Over Moveable Assets](#), and our Legal Alert of 19 February 2018, [The New UAE Pledge Law – Security Registration](#).

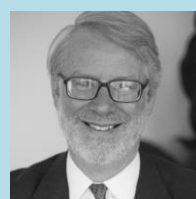
The Emirates Development Bank has been appointed as the registrar, and the registry is known as the Emirates Movable Collateral Registry (the **Registry**).

The actual registration of pledges was subject to promulgation of the implementing regulations under the Pledge Law. The implementing regulations have now been issued by way of Cabinet Resolution 5 of 2018 dated 1 March 2018 (the **Implementing Regulations**). In addition, Ministerial Resolution 42 of 2018 dated 19 March 2018 provides detailed instructions relating to registration of security over movables (the **Instructions**).

We are examining the Implementing Regulations and the Instructions and will report separately on the contents of the same. In the meantime, we have made enquiries to the Emirates Development Bank concerning the new regulations, and we have been informed as follows:

- Registration establishes priority but is not required for the creation of a valid security interest.
- Any movable asset located in the UAE (other than the free zones) may be registered, including bank accounts, assignments of receivables and guarantees.
- Assets in the free zones are outside the coverage of the Registry.
- The holder of the security interest may be a UAE entity or a foreign entity.

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- The security agreement need not be notarized and need not be in Arabic.
- When a security interest is registered, the holder of the security interest is required to notify the provider of the security, which party then has a fixed period of time to file its objections.

It was previously required that holders of security interests predating the Pledge Law would have to register their security interests under the Pledge Law by 15 March 2018. This deadline is no longer in effect. Instead, Emirates Development Bank expects to notify banks of the new deadline in the near future. ■

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