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**Building a Mediation Culture in the UAE: Key Legal Reforms**

By Chatura Randeniya and Noran Al Mekhlafi | 10 July 2025

The UAE continued its efforts to promote mediation as a form of dispute resolution through Cabinet Decision No. 56 of 2025, which regulates the establishment of private mediation centres and branches of foreign mediation institutions in the UAE. This follows the enactment of Federal Decree Law No. 40 of 2023, the UAE's first standalone legislation on mediation and conciliation in civil and commercial disputes, and the UAE's accession to the United Nations Convention on International Settlement Agreements Resulting from Mediation (the Singapore Convention on Mediation) in May 2024.

The Law

Federal Decree Law No. 40 of 2023:

- applies to civil and commercial disputes, unless excluded by law;
- does not apply within the UAE's financial free zones (the DIFC and the ADGM), unless a mediator or mediation centre based in the financial free zone is mediating a dispute that relates to the UAE mainland;
- allows for mediation to deal with the subject matter of the dispute as a whole or a part thereof;
- allows for mediation to be either voluntary (by agreement) or court-directed during litigation;
- encourages frank discourse and good faith attempts at settlement by ensuring that the statements, proposals, admissions, documents, and information disclosed or exchanged during the mediation process are strictly confidential and cannot be disclosed in any subsequent contested proceedings, except in limited circumstances; and
- provides that settlement agreements reached through mediation, once ratified by a court, are enforceable as judgments of the court.

Criminal, labour, rental, and personal status disputes, urgent or interim orders and matters of public order cannot be the subject of mediation conducted under the mediation and conciliation centres established under the law. However, it preserves the parties' right to seek urgent or interim judicial relief from the competent court.

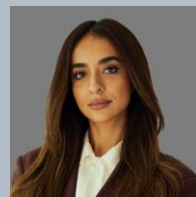
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Chatura's practice focuses primarily on dispute resolution. He advises and represents clients in arbitration, and has represented clients in DIAC, ADCCAC, ICC and ad hoc arbitrations. He also works with local advocates on matters before the UAE Federal courts. Chatura regularly advises clients in high value construction, and maritime and shipping disputes. He is admitted as Attorney-at-Law of the Supreme Court of Sri Lanka. He is a ranked practitioner by Chambers and Partners and Legal 500. Chatura is a Fellow of the Chartered Institute of Arbitrators (CIArb).



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The Cabinet Decision

Cabinet Decision No. 56 of 2025 regulates the licensing of private mediation centres and branches of foreign mediation centres in the UAE, but does not apply to private mediation centres and foreign branches that are licensed to operate in the financial free zones, unless they conduct their activities outside the financial free zone. Key requirements for licensing include:

- obtaining prior approval from a committee within the Ministry of Justice or local judicial authority;
- obtaining a license from the Competent Authority in each Emirate;
- establishing an independent office with adequate IT systems and insurance cover;
- appointing a qualified Director with legal or mediation experience; and
- maintaining both a public register of mediators and an internal electronic register.

Additionally, a foreign mediation centre wishing to establish a branch in the UAE must also provide proof that it has provided mediation services for at least five years at the time of submitting the application to open a branch in the UAE.

Why it matters to businesses

Mediation is increasingly recognised as an effective means of dispute resolution, not only due to its cost-efficiency, but also in terms of preserving relationships between commercial parties, which often deteriorate in the course of contentious litigation or arbitration proceedings. Until recently, the absence of a legal framework supporting mediation deterred certain parties from opting for mediation, particularly due to the lack of legal safeguards regarding confidentiality of information submitted in the course of mediation and its use in subsequent legal proceedings, should mediation fail. Following the legislative developments set out above, the UAE now has a robust legal framework for mediation, and with the Cabinet Decision clarifying the requirements to establish mediation centres (and branches of foreign mediation centres) in the UAE, one hopes that parties will soon have access to experienced mediators in the UAE.

However, it is important for parties to bear in mind that mediation is not appropriate for the resolution of all disputes, and contracts providing for alternative dispute resolution mechanisms such as mediation must be carefully drafted. For example, mandatory mediation may not be effective where the relationship between the parties has irretrievably eroded, and having a provision for mandatory mediation may only serve to delay the parties in getting to a final resolution of their dispute. Provision for optional mediation (bearing in mind that parties may voluntarily agree to mediation during the course of most adversarial proceedings), on balance, appears to be a better approach. ■

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