



DIFC AMENDMENT LAW
DIFC LAW NO. 3 OF 2024

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PART 1: GENERAL

1. Title

This Law may be cited as the “DIFC Laws Amendment Law, DIFC Law No. 3 of 2024.”

2. Legislative authority

This Law is made by the Ruler of Dubai.

3. Date of enactment

This Law is enacted on the date specified in the Enactment Notice in respect of this Law.

4. Commencement

This Law comes into force on the date specified in the Enactment Notice in respect of this Law.

PART 2: AMENDMENTS TO CONTRACT LAW 2004

- 1 The Contract Law 2004 is amended as prescribed in this Part.
- 2 The following Articles of the Contract Law 2004 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

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PART 4: VALIDITY

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37. Relevant mistake

- (1) A party (A) may only avoid a contract with another party (B) for mistake if, when the contract was concluded:
- (a) the mistake was of such importance that a reasonable person in the same situation as the party would not have concluded it at all if the true state of affairs had been known, and
 - (b) Article 37(2) is satisfied, the other party made the same mistake, or was also mistaken, or caused the mistake, or knew or ought to have known of the mistake and it was contrary to reasonable commercial standards of fair dealing to leave the mistaken party in error; or
 - (b) ~~the other party had not at the time of avoidance acted in reliance on the contract.~~
- (2) This Article 37(2) is satisfied if:
- (a) the other party (B) made the same mistake;
 - (b) the other party (B) was also mistaken;
 - (c) the other party (B) caused the mistake;
 - (d) the other party (B) knew or ought to have known of the mistake and it was contrary to reasonable commercial standards of fair dealing to leave the mistaken party in error;
 - (e) if a Coded Term is accepted by a Computer Program without any conscious human decision at the time of acceptance and it is contrary to commercial standards of fair dealing to bind the party (A) to the contract; or
 - (f) the other party had not at the time of avoidance acted in reliance on the contract.
- ~~(2)~~(3) However, a party may not avoid the contract if:
- (a) it was grossly negligent in committing the mistake; or
 - (b) the mistake relates to a matter in regard to which the risk of mistake was assumed or, having regard to the circumstances, should be borne by the mistaken party.

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PART 5: INTERPRETATION

49 Intention of the parties

- (1) A contract shall be interpreted according to the common intention of the parties.
- (2) Subject to Article 49(3), if such an intention cannot be established, the contract shall be interpreted according to the meaning that reasonable persons of the same kind as the parties would give to it in the same circumstances.
- (3) As regards a Hybrid Contract or Coded Contract, if an intention under Article 49(1) cannot be established, the contract shall be interpreted according to the meaning that a reasonable person with a competent understanding of the relevant Code and having regard to the circumstances under Article 51 shall give to it.

50 Interpretation of statements and other conduct

- (1) The statements and other conduct of a party shall be interpreted according to that party's intention if the other party knew or could not have been unaware of that intention.
- (2) Subject to Article 50(3), if Article 50(1) is not applicable, such statements and other conduct shall be interpreted according to the meaning that a reasonable person of the same kind as the other party would give to it in the same circumstances.
- (3) As regards a Hybrid Contract or Coded Contract, if Article 50(1) is not applicable, such statements and other conduct shall be interpreted according to the meaning that a reasonable person with a competent understanding of the relevant Code and having regard to the circumstances under Article 51 shall give to it.

51 Relevant circumstances

In applying Articles 49 and 50, regard shall be had to all the circumstances, including:

- (a) preliminary negotiations between the parties;
- (b) practices which the parties have established between themselves;
- (c) the conduct of the parties subsequent to the conclusion of the contract;
- (d) the nature and purpose of the contract;
- (e) the meaning commonly given to terms and expressions in the trade concerned and in the case of a Coded Term, the meaning given by a reasonable person with a competent understanding of the relevant Code; and
- (f) usages.

52 Reference to contract or statement as a whole

Terms (including Coded Terms) and expressions (including expressions in Code) shall be interpreted in the light of the whole contract or statement in which they appear.

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PART 9: ASSIGNMENT

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94. Limits on assignments and delegations

- (1) A contractual right can be assigned unless:
 - (a) the substitution of a right of the assignee for the right of the assignor would materially change the duty of the obligor, or materially increase the burden or risk imposed on him by his contract, or materially impair his chance of obtaining return performance, or materially reduce its value to him; or
 - (b) assignment is precluded by contract and not made effective by Article 20 of the Law of Security.
- (2) A contractual obligation can be delegated unless:
 - (a) the obligee has a substantial interest in having the obligor perform or control the acts promised; or
 - (b) the delegation is precluded by contract.
- (3) Neither delegation of performance nor a contract to assume the duty made with the obligor by the person delegated discharges any obligation or liability of the delegating obligor.

95. Contractual prohibition of assignment

- (1) Unless the circumstances indicate the contrary, a contract term prohibiting assignment of the contract bars only the delegation to an assignee of the performance by the assignor of a duty or condition.
- (2) A contract term prohibiting assignment of rights under the contract, unless a different intention is manifested:
 - (a) is for the benefit of the obligor, and does not prevent:
 - (i) the assignee from acquiring rights against the assignor; or
 - (ii) the obligor from discharging his duty as if there were no such application (subject to Article 20 of the Law of Security, where applicable);
 - (b) gives the obligor a right to damages for breach of the terms forbidding assignment but does not render the assignment ineffective;
 - (c) does not prevent assignment of a right to damages for breach of the whole contract or a right arising out of the assignor's due performance of his entire obligation.

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PART 12: AGENCY

124. Agency; principal; agent

- (1) Agency is the relationship which results from the consent by one person to another that the other shall act on his behalf, and consent by the other so to act.
- (2) The one for whom action is to be taken is the principal.
- (3) The one who is to act is the agent.
- (4) In this Part, a reference to an agent can include, where appropriate, an apparent agent.
- (5) In this Part, a Computer Program per se is not to be regarded as an 'agent'.

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**SCHEDULE 1
INTERPRETATION**

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3. Defined terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

<u>Term</u>	<u>Definition</u>
<u>Code</u>	<u>a language used to give instructions to computers.</u>
<u>Coded Contract</u>	<u>a contract in which all of the contractual terms are defined in, and performed automatically by, Coded Terms and no Natural Language version of the agreement exists.</u>
<u>Coded Term</u>	<u>a contractual term that is defined in and performed automatically by the Code of a Computer Program.</u>
<u>Computer Program</u>	<u>a collection of instructions written in Code that are executed by a computer.</u>

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<u>Credit Balance</u>	<u>includes a contractual claim for a Digital Asset that is Money.</u>
<u>currency</u>	<u>includes a Digital Asset that is Money.</u>

.....

<u>Digital Asset</u>	<u>has the meaning given in Article 8 of the Digital Assets Law.</u>
<u>Digital Assets Law</u>	<u>The Digital Assets Law, DIFC Law No. 2 of 2024.</u>
<u>Hybrid Contract</u>	<u>a contract, some terms of which are defined in Natural Language and another or others of which are defined in a Coded Term or terms. Some or all of the contractual obligations are performed automatically by Code.</u>

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<u>Law of Security</u>	<u>the Law of Security, DIFC Law No. 4 of 2024.</u>
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<u>monetary obligation</u>	<u>includes an obligation to pay in a Digital Asset that is Money.</u>
<u>Money</u>	<u>something that functions as a medium of exchange, store of value, and unit of account, and includes a Digital Asset that satisfies these three requirements.</u>
<u>Natural Language</u>	<u>language that has developed in the usual way as a method of communicating between people.</u>

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<u>sum</u>	<u>includes an amount in a Digital Asset that is Money.</u>
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PART 3: AMENDMENTS TO IMPLIED TERMS IN CONTRACTS AND UNFAIR TERMS LAW

- 1** The Implied Terms in Contracts and Unfair Terms Law 2005 is amended as prescribed in this Part.
- 2** The following Articles of the Implied Terms in Contracts and Unfair Terms Law 2005 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

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PART 2: IMPLIED TERMS IN CONTRACTS

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CHAPTER 4 – OTHER TERMS RELATING TO TRANSFER OF PROPERTY

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21. Property must be ascertained

Subject to Article 23 (Undivided shares in property forming part of a bulk), where there is a contract for the sale of unascertained property no title in the property is transferred to the transferee unless and until the property is ascertained, save that this Article 21 shall not apply if the property is a Digital Asset.

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23. Undivided shares in property forming part of a bulk

- (1) This Article 23 applies to a contract for the sale of a specified quantity of unascertained property if the following terms are met:
- (a) the property or some of it forms part of a bulk which is identified either in the contract or by subsequent agreement between the parties; ~~and~~
 - (b) the transferee has paid the price for some or all of the property which is the subject of the contract and which forms part of the bulk; and
 - (c) the property is not a Digital Asset.

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24. Deemed consent by co-owner to dealings in bulk property

- (1) Subject to Article 24(4), ~~A~~ a person who has become an owner in common of a bulk by virtue of Article 23 (Undivided shares in property forming part of a bulk) is conclusively presumed to have agreed to:
- (a) any delivery of property out of the bulk to any other owner in common of the bulk, being property which is due to him under his contract;
 - (b) any dealing with or removal, delivery or disposal of property in the bulk by any other person who is an owner in common of the bulk in so far as the property falls within that co-owner's undivided share in the bulk at the time of the dealing, removal, delivery or disposal.
- (2) No cause of action accrues to anyone against a person by reason of that person having acted in accordance with paragraph (a) or (b) of Article 24(1) in reliance on any agreement presumed to have been given under that Article 24(1).
- (3) Nothing in this Article 24:
- (a) imposes an obligation on a transferee of property out of a bulk to compensate any other buyer of property out of that bulk for any shortfall in the property received by that other buyer;
 - (b) affects any contractual arrangement between transferees of property out of a bulk for adjustments between themselves; or
 - (c) affects the rights of any transferee under his contract.

- (4) This Article 24 shall not apply to property that is a Digital Asset.

PART 3: UNFAIR TERMS

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36. Scope

- (1) This Part does not apply to:
- (a) any contract of insurance (including a contract to pay an annuity on human life);
 - (b) any contract so far as it relates to real estate;
 - (c) any contract so far as it relates to the creation, transfer or termination of a right or interest in any intellectual property, unless a Digital Asset is Constitutively Linked to or evidences that right or interest to any intellectual property;
 - (d) any contract so far as it relates:
 - (i) to the formation or dissolution of a body corporate or unincorporated association; or
 - (ii) to its constitution or the rights or obligations of its members or partners;
 - (e) any contract so far as it relates to the creation or transfer of securities or of any right or interest in securities, unless the securities are Digital Assets or a Digital Asset is Constitutively Linked to or evidences that right or interest in securities;
 - (f) a contract of employment, except in favour of the employee; or
 - (g) a contract whose characteristics are the following:
 - (i) either it is a contract of sale or supply of property or it is one under or in pursuance of which the possession or ownership of property passes save that “property” in this article excludes property that is a Digital Asset; and
 - (ii) it is made by parties whose places of business are in the territories of different jurisdictions.

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38. Liability arising in contract

- (1) This Article applies as between contracting parties where one of them (Party A) deals on the other’s (Party B’s) written standard terms of business.
- (2) As against that party (Party A), the other (Party B) cannot by reference to any contract term:
- (a) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach; or
 - (b) claim to be entitled:
 - (i) to render a contractual performance substantially different from that which was reasonably expected of him, or
 - (ii) in respect of the whole or any part of his contractual obligation, to render no performance at all,
 - (c) compel that party (Party A) to seek legal recourse only by way of arbitration.

except in so far as (in any of the cases mentioned above in this subsection) the contract term satisfies the requirement of reasonableness.

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SCHEDULE 1

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3. Defined terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings.

<u>Terms</u>	<u>Definitions</u>
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<u>Constitutively Linked</u>	A Digital Asset is Constitutively Linked with another asset where the Digital Asset confers a right to the (other) asset, and where the right to the other asset can only be transferred if the conditions under Article 12 or 13 of the Digital Assets Law are satisfied.
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<u>Digital Asset</u>	Has the meaning given in Article 8 of the Digital Assets Law.
<u>Digital Assets Law</u>	The Digital Assets Law DIFC Law No. 2 of 2024.

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<u>possession</u>	In relation to “possession” of a Digital Asset, references in this Law to “possession” denote Control within the meaning of Article 10 of the Digital Assets Law.
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<u>Ruler</u>	The ruler of the Emirate of Dubai.
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PART 4: AMENDMENTS TO INSOLVENCY LAW

- 1 The Insolvency Law 2019 is amended as prescribed in this Part.
- 2 The following Articles of the Insolvency Law 2019 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

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PART 3: REHABILITATION

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31. Priority funding

- (1) The Court may, in its discretion, authorise the Company to obtain secured or unsecured credit and incur secured or unsecured debt which debt (including any interest) has:
 - (a) priority over unsecured debt existing as of the Notification Date;
 - (b) is secured by an interest on the property of the Company that is not otherwise subject to a ~~Security Interest~~ Security Right; or
 - (c) is secured by a junior ~~Security Interest~~ Security Right on property of the Company that is already subject to a ~~Security Interest~~ Security Right. Nothing in this Article shall limit the ability of the Company to obtain unsecured credit in the ordinary course of its business.
- (2) If the Company is unable to obtain credit pursuant to Article 31(1), the Court may authorise the obtaining of credit or the incurring of debt secured by a senior or equal ~~Security Interest~~ Security Right on property of the Company that is already subject to a ~~Security Interest~~ Security Right. The Court may only authorise such credit if there is Adequate Protection for the existing holder of the ~~Security Interest~~ Security Right or with the consent of that existing holder of the ~~Security Interest~~ Security Right.

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PART 5: RECEIVERSHIP

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46. Power to dispose of property subject to a ~~Security Interest~~Security Right

- (1) Where, on an application by the Administrative Receiver, the Court is satisfied that the disposal (with or without other assets) of any relevant property which is subject to a ~~Security Interest~~Security Right would be likely to promote a more advantageous realisation of the Company's assets than would otherwise be effected, the Court may by order authorise the Administrative Receiver to dispose of the property as if it were not subject to the ~~Security Interest~~Security Right.
- (2) Article 46(1) does not apply in the case of any ~~Security Interest~~Security Right held by the person by or on whose behalf the Administrative Receiver was appointed, or of any Security Right to which a ~~Security Interest~~Security Right so held has priority.
- (3) It shall be a condition of an order under this Article 46 that:
 - (a) the net proceeds of the disposal; and
 - (b) where those proceeds are less than such amount as may be determined by the Court to be the net amount which would be realised on a sale of the property in the open market by a willing vendor, such sums as may be required to make good the deficiency,must be applied towards discharging the sums secured by the security.
- (4) Where a condition imposed pursuant to Article 46(3) relates to two (2) or more ~~Security Interests~~Security Rights, that condition shall require that the net proceeds of the disposal and, where Article 46(3)(b) applies, the sums mentioned in that Article to be applied towards discharging the sums secured by those securities in the order of their priorities.

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CHAPTER 6 – COMPULSORY WINDING UP

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94. Vesting of Company property in Liquidator

- (1) When a winding up order has been made, or where a provisional Liquidator has been appointed, the Liquidator or the provisional Liquidator (as the case may be) shall take into his custody or under his control all the property ~~and things in action~~ to which the Company is or appears to be entitled.

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PART 11: MISCELLANEOUS

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133. Invalid Security Right

- (1) Where a Company becomes insolvent, a ~~Security Interest~~ Security Right in all or substantially all of the Company's property is invalid where:
 - (a) the ~~Security Interest~~ Security Right is created in favour of a person connected with the Company and was created within two (2) years ending with the date on which the Company goes into Liquidation or an Administrator is appointed pursuant to a rehabilitation proposal; or
 - (b) the ~~Security Interest~~ Security Right is created in favour of any person within one (1) year ending with the date on which the Company goes into Liquidation or an Administrator is appointed pursuant to a rehabilitation proposal and the Company either was at the date of the creation or became pursuant to the transaction in respect of which the charge was created unable to pay its debts as they fell due; or
 - (c) the ~~Security Interest~~ Security Right was created after the commencement of a Voluntary Arrangement.
- (2) Article 133(1) does not invalidate a ~~Security Interest~~ Security Right to the extent of the value transferred to the Company or Liabilities of the Company released as a result of the transaction giving rise to the grant of the ~~Security Interest~~ Security Right.

**SCHEDULE 1
INTERPRETATION**

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3. Defined terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

<u>Term</u>	<u>Definition</u>
Adequate Protection	an interest reasonably sufficient to protect the holder of a valid Security Interest <u>Security Right</u> against a diminution in the value of such Security Interest <u>Security Right</u> to the extent such diminution is occasioned by the moratorium, any grant of a Security Interest <u>Security Right</u> pursuant to Article 31 or the Company’s use, sale, or Lease of the property subject to such Security Interest <u>Security Right</u> following the Rehabilitation Plan Notification.

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<u>Digital Asset</u>	<u>has the meaning given in Article 8 of the Digital Assets Law.</u>
<u>Digital Assets Law</u>	<u>the Digital Assets Law DIFC Law No. 2 of 2024.</u>

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<u>Financial Collateral</u>	<u>has the meaning given to it in the Law of Security, DIFC Law No. 4 of 2024.</u>
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<u>property</u>	<u>includes money, goods, Digital Assets, things in action, land and every description of property wherever situated and also obligations and every description of interest, whether present or future or vested or contingent, arising out of, or incidental to, property.</u>
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Security Interest <u>Security Right</u>	<u>has the meaning set out in the Security Law.</u>
<u>Security Law</u>	<u>the Security Law DIFC No. 84 of 2005 2024.</u>

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PART 5: AMENDMENTS TO THE LAW OF DAMAGES AND REMEDIES

- 1** The Law of Damages and Remedies 2005 is amended as prescribed in this Part.
- 2** The following Articles of the Law of Damages and Remedies 2005 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

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PART 4: REMEDIES

CHAPTER 1 – GENERAL

35. Other orders

- (1) Where a person commits a breach of any requirement, duty or obligation which is imposed under any DIFC Law the Court may, on application of any person who is aggrieved by such conduct or has suffered loss or damage arising from such conduct, make one or more of the following:
- (a) an order for damages;
 - (b) an order for compensation;
 - (c) an order for restitution;
 - (d) an order for specific performance of a contract or part of a contract;
 - (e) a declaration as to the rights, liabilities and obligations of a person;
 - (f) an injunction;
 - (g) rescission;
 - (h) rectification; or
 - ~~(g)~~(i) any other order that the Court thinks fit.

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CHAPTER 2 – OTHER REMEDIES

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41A. Rescission

- (1) Subject to Article 41A(2) and 41(A)(3), the Court may order that a gift or transaction be rescinded on the basis of:
- (a) mistake within the meaning of Article 37 of the Contract Law;
 - (b) fraud within the meaning of Article 40 of the Contract Law;
 - (c) threat within the meaning of Article 41 of the Contract Law;
 - (d) misrepresentation within the meaning of Articles 29 and 30 of the Law of Obligations; or
 - (e) breach by a fiduciary of the no-conflict and no-profit rules (as provided in paragraphs 2 and 3 respectively of Schedule 3 of the Law of Obligations).
- (2) The power of the court to make any of the above orders is without prejudice to the rights contained in the Trust Law, the Contract Law, and the Law of Obligations in respect of setting aside or avoiding a gift or transaction.
- (3) Rescission may be refused on the basis of:
- (a) affirmation of the gift or the transaction by the counterparty;
 - (b) undue delay;

- (c) prejudice to third party rights; or
 - (d) impracticality of restoring the parties as closely as reasonably possible to their pre-transaction or pre-gift position.
- (4) A rescission order refers to an order that restores the parties as closely as reasonably possible to the position as if the gift or transaction had not been made.

41B. Rectification

- (1) A court may order rectification of a contract to reflect the intended agreement of the parties if there has been a relevant common mistake or relevant unilateral mistake at the time the contract was formed.
- (2) A relevant common mistake exists where:
- (a) the parties had a common intention, whether or not amounting to an agreement, in respect of a particular matter in the contract;
 - (b) there was an outward expression of accord;
 - (c) the intention continued at the time of the execution of the contract; and
 - (d) by mistake, the contract did not reflect that common intention and all parties made a mistake about the contract not reflecting such common intention.
- (3) A relevant unilateral mistake exists where:
- (a) one party (A) erroneously believed that the document sought to be rectified:
 - (i) contained a particular term or provision; or
 - (ii) did not contain a particular term or provision which, mistakenly, it did contain.
 - (b) The other party (B), was aware (in that B had actual knowledge, wilfully shut his eyes to the obvious or wilfully and recklessly failed to make such inquiries as an honest and reasonable person would make) of the omission or the inclusion and that it was due to a mistake on the part of A;
 - (c) B has not drawn the mistake to the attention of A; and
 - (d) B takes advantage of the mistake for his own benefit.
- (4) Rectification may be refused if:
- (a) it would or might substantially prejudice a non-party to the contract;
 - (b) there has been unreasonable delay in pursuing the remedy; or
 - (c) it is otherwise inequitable to award rectification.
- (5) Rectification of a contract has retrospective effect, such that the rectification is effective from the time the contract was formed.

41C. Action for the agreed sum

- (1) A party (A) may bring an action for the agreed sum under a contract, unless:
- (a) there is anticipatory non-performance within the meaning of Article 88 of the Contract Law by the contractual counterparty (B); and

(b) A has no legitimate interest in performing the contract following B's anticipatory non-performance.

(2) A party bringing an action for an agreed sum is not required to prove loss and has no duty to mitigate his loss.

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SCHEDULE 1

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3. Defined Terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

<u>Term</u>	<u>Definition</u>
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<u>Credit Balance</u>	includes a contractual claim for a Digital Asset that is Money.
<u>currency</u>	includes a Digital Asset that is Money.

.....

<u>Digital Asset</u>	has the meaning given in Article 8 of the Digital Assets Law.
<u>Digital Assets Law</u>	the Digital Assets Law DIFC Law No. 2 of 2024.
<u>Monetary Obligation</u>	includes an obligation to pay in a Digital Asset that is Money.
<u>Money</u>	something that functions as a medium of exchange, store of value, and unit of account, and includes a Digital Asset that satisfies these three requirements.
<u>person</u>	has the meaning given in table paragraph 1 of Schedule 1 to this Law.

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<u>sum</u>	includes an amount in a Digital Asset that is Money or analogous thereto.
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PART 6: AMENDMENTS TO THE LAW OF OBLIGATIONS

- 1** The Law of Obligations 2005 is amended as prescribed in this Part.
- 2** The following Articles of the Law of Obligations 2005 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

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CHAPTER 4– MISREPRESENTATION

30. Liability

A person is liable for misrepresentation to a representee if:

- (a) he is the representor in relation to a misrepresentation;
- (b) the representee has entered into a contract with the representor after the misrepresentation has been made;
- (c) the misrepresentation influences the representee to enter into a the contract with the representor or affects the terms upon which he agrees to enter into it; and
- (d) the representee suffers loss as a result of entering into the contract with the representor.

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CHAPTER 7 – WRONGFUL INTERFERENCE WITH PROPERTY

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42. Meaning of property

In this Chapter, property has the meaning given to it in the Personal Property Law, except that it does not include real property (as defined in the Personal Property Law), ~~money~~ Money, things in action, Digital Assets and intellectual property.

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46. Rights of third parties

- (1) It is a defence under this Chapter to show that a third party has a better claim to title of the property than the claimant.
- (2) Where a defendant has been found liable to one claimant under this Part and subsequently a second claimant is found to have a superior right of interest in or to the property, which right or interest was the subject of the claim, the first claimant is liable to account to the second claimant.

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PART 5: OBLIGATIONS RELATING TO BAILMENT

CHAPTER 1 – APPLICATION AND DEFINITIONS

65. Application

- (1) This Part applies to any bailment of property possessed or owned by a person within the DIFC, subject to Article 65(2).
- (2) This Part does not apply in respect of securities, ~~or negotiable instruments,~~ or Digital Assets.

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PART 6: NEGOTIABLE INSTRUMENTS

CHAPTER 1 – DEFINITIONS

77. Negotiable instrument defined

- (1) A ~~n~~Negotiable ~~i~~Instrument is any instrument or other writing (in tangible form or in the form of an Electronic Trade Document) that ~~embodies evidence~~embodies an unconditional right to the payment of a fixed monetary obligation, and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, subject to this Law.
- (2) ~~Subject to Article 77(1), Each~~ of the following is a ~~n~~Negotiable ~~i~~Instrument:
 - (a) a bill of exchange within the meaning of Article 78 of this Law;
 - (b) a promissory note within the meaning of Article 80 of this Law.
- (3) A ~~m~~Monetary ~~o~~Obligation may be fixed even though it is required to be paid with interest, in instalments, or according to a rate of exchange.
- (4) The Board of Directors of the DIFCA, with the consent of the DFSA, may by Regulations:
 - (a) determine that other instruments are ~~n~~Negotiable ~~i~~Instruments under this Part; and
 -

78. Bill of exchange defined

- (1) A bill is an unconditional order in writing (in tangible form or in the form of an Electronic Trade Document), addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or future time a sum of ~~m~~Money to or to the order of a specified person, or to bearer.
- (2) An instrument which does not comply with these conditions, or which orders anything to be done in addition to the payment of ~~m~~Money, is not a bill.
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80. Promissory note defined

- (1) A promissory note is an unconditional promise in writing (in tangible form or in the form of an Electronic Trade Document), made by one person to another signed by the maker, undertaking to pay, on demand or at a fixed or determinable future time, a sum certain in ~~m~~Money, to, or to the order of, a specified person or to bearer.
- (2) An instrument in the form of a promissory note payable to the order of the maker is not a promissory note within the meaning of this Article unless and until it is endorsed by the maker.
- (3) The Board of Directors of the DIFCA may by Regulations make provision for the application of this Part to ~~n~~Negotiable ~~i~~Instruments in non-tangible form. Such Regulations may, without limitation, provide for:
 -

CHAPTER 5A – TRADE DOCUMENTS**153A. Paper trade document defined**

- (1) A document is a “paper trade document” for the purposes of this Law if:
 - (a) it is in paper form; and
 - (b) it is commonly used in connection with:
 - (i) trade in or transport of goods; or
 - (ii) financing such trade or transport; and
 - (c) possession of the document is required as a matter of law or commercial custom, usage or practice for a person to claim performance of an obligation.
- (2) A bill of exchange and a promissory note are examples of documents that, if they fall within Article 153A(1), will be paper trade documents.

153B. Electronic trade document defined

- (1) This Article 153B applies where information in electronic form is information that, if contained in a document in paper form, would lead to the document being a paper trade document.
- (2) The information, together with any other information with which it is logically associated that is also in electronic form, constitutes an Electronic Trade Document for the purposes of this Law if a reliable system is used to:
 - (a) identify the document so that it can be distinguished from any copies;
 - (b) protect the document against unauthorised alteration;
 - (c) secure that a person can have control of the document within the meaning of Article 153C;
and
 - (d) indicate the time or place with respect to the document, where such indication is required or permitted under the law governing the document.
- (3) When determining whether a system is reliable for the purposes of Article 153B(2), the matters that may be taken into account include:
 - (a) any rules of the system that apply to its operation;
 - (b) any measures taken to secure the integrity of information held on the system;
 - (c) any measures taken to prevent unauthorised access to and use of the system;
 - (d) the security of the hardware and software used by the system;
 - (e) the regularity of and extent of any audit of the system by an independent body;
 - (f) any assessment of the reliability of the system made by a body with supervisory or regulatory functions;
 - (g) the provisions of any voluntary scheme or industry standard that apply in relation to the system.

153C. Control defined

- (1) For the purpose of Article 153B, a person has control of the document if:
 - (a) subject to Articles 153C(2) and 153C(3), the Electronic Trade Document, or the relevant protocol or system, confers on that person:
 - (i) the exclusive ability to prevent others from obtaining substantially all the benefit from the Electronic Trade Document;
 - (ii) the ability to obtain substantially all the benefit from the Electronic Trade Document; and
 - (iii) the exclusive ability to transfer the abilities in Articles 153C(1)(a)(i) and 153C(1)(a)(ii) to another person (a ‘change of control’);

and,
 - (b) the Electronic Trade Document, or the relevant protocols or system, allows that person to identify itself as having the abilities set out in Article 153C(1)(a).
- (2) If the Electronic Trade Document is a Digital Asset, a change of control includes the replacement, modification, destruction, cancellation, or elimination of a Digital Asset, and the resulting and corresponding derivative creation of a new Digital Asset which is subject to the control of another person.
- (3) An ability for the purposes of Article 153C(1)(a) need not be exclusive if and to the extent that:
 - (a) if the Electronic Trade Document is a Digital Asset, the Digital Asset, or the relevant protocol or system, limits the use of, or is programmed to make changes to, the Digital Asset, including change or loss of control of the Digital Asset; or
 - (b) irrespective of whether the Electronic Trade Document is a Digital Asset, the person in control has agreed (expressly, by implication or by conduct) to sharing that ability with one or more other persons.
- (4) Reading or viewing a document is not, of itself, sufficient to amount to control for the purposes of this Article 153C.

153D. Possession, indorsement and effect of Electronic Trade Documents

- (1) A person may possess, indorse and part with possession of an Electronic Trade Document.
- (2) An Electronic Trade Document has the same effect as an equivalent paper trade document.
- (3) Anything done in relation to an Electronic Trade Document has the same effect (if any) in relation to the document as the equivalent action would have in relation to an equivalent paper trade document.

153E. Change of form

- (1) A paper trade document may be converted into an Electronic Trade Document, and an Electronic Trade Document may be converted into a paper trade document, if (and only if):
 - (a) a statement that the document has been converted is included in the document in its new form; and
 - (b) any contractual or other requirements relating to the conversion of the document are complied with.

- (2) Where a document is converted in accordance with Article 153E(1):
 - (a) the document in its old form ceases to have effect; and
 - (b) all rights and liabilities relating to the document continue to have effect in relation to the document in its new form.

153F. Exceptions

- (1) If an intention that Article 153D should not apply in relation to an Electronic Trade Document appears in, or can reasonably be inferred from, the document or terms that have effect in relation to the document:
 - (a) that section does not apply in relation to the document, and
 - (b) Article 153E also does not apply in relation to it.
- (2) Articles 153A to 153E do not apply in relation to:
 - (a) Financial Collateral; or
 - (b) Non-Intermediated Financial Property.
- (3) The Board of Directors of the DIFCA may by Regulations add, remove or amend an entry in the list in Article 153F(2).

153G. Issue or use outside the DIFC

An Electronic Trade Document shall not be denied legal effect, validity or enforceability on the sole ground that it was issued or used outside the DIFC.

.....

SCHEDULE 1

.....

3. **Defined terms**

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

<u>Term</u>	<u>Definition</u>
-------------	-------------------

.....

<u>credit</u>	<u>includes a contractual claim for a Digital Asset that is Money.</u>
---------------	--

.....

<u>Digital Asset</u>	<u>has the meaning given in Article 8 of the Digital Assets Law.</u>
<u>Digital Assets Law</u>	<u>the Digital Assets Law DIFC Law No. 2 of 2024.</u>

.....

<u>Electronic Trade Document</u>	<u>has the meaning given in Article 153B of this Law.</u>
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.....

<u>Financial Collateral</u>	<u>has the meaning given to it in the Law of Security, DIFC Law No. 4 of 2024.</u>
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.....

<u>Monetary Obligation</u>	<u>includes an obligation to pay in a Digital Asset that is Money.</u>
<u>Money</u>	<u>something that functions as a medium of exchange, store of value, and unit of account, and includes a Digital Asset that satisfies these three requirements.</u>
<u>Negotiable Instrument</u>	<u>has the meaning given in Article 77(1).</u>
<u>Non-intermediated Financial Property</u>	<u>has the meaning given to it in the Law of Security, DIFC Law No. 4 of 2024</u>

.....

<u>Ruler</u>	<u>the ruler of the Emirate of Dubai.</u>
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.....

<u>sum</u>	<u>includes an amount in a Digital Asset that is Money.</u>
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.....

PART 7: AMENDMENTS TO TRUST LAW 2018

- 1** The Trust Law 2018 is amended as prescribed in this Part.
- 2** The following Articles of the Trust Law 2018 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

.....

PART 2: CHOICE OF GOVERNING LAW; PLACE OF ADMINISTRATION

.....

15. Heirship rights

An heirship right conferred by foreign law in relation to the property of a living person shall not be recognised as:

- (a) affecting the ownership of immovable property in the DIFC and movable property including a Digital Asset wherever it is situated for the purposes of Article 13(2)(a) and (b) or for any other purpose; or
- (b) constituting an obligation or liability for any purpose.

.....

PART 5: THE BENEFICIARIES OF A DIFC TRUST.

45. Beneficiaries of a trust

- (1) A beneficiary shall be:
 - (a) identifiable by name; or
 - (b) ascertainable by reference to:
 - (i) a class or other identifying characteristic; or
 - (ii) a relationship to some person whether or not living at the time of the creation of the trust or at the time which under the terms of the trust is the time by reference to which members of a class are to be determined.
- (2) The terms of a trust may provide for the addition of a person as a beneficiary or the exclusion of a beneficiary from benefit.
- (3) A settlor, protector or a trustee of a trust may also be a beneficiary of a trust.

.....

**SCHEDULE 1
INTERPRETATION**

.....

3. Defined terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

<u>Term</u>	<u>Definition</u>
-------------	-------------------

.....

<u>Digital Asset</u>	<u>has the meaning given in Article 8 of the Digital Assets Law.</u>
<u>Digital Assets Law</u>	<u>the Digital Assets Law DIFC Law No. 2 of 2024.</u>

.....

<u>Property</u>	<u>any movable or immovable property, and includes Digital Assets and rights and interests, whether present or future and whether vested or contingent.</u>
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.....

PART 8: AMENDMENTS TO FOUNDATIONS LAW 2018

- 1** The Foundations Law 2018 is amended as prescribed in this Part.
- 2** The following Articles of the Foundations Law 2018 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

.....

PART 2: NATURE OF A DIFC FOUNDATION

15. Heirship Rights

An Heirship Right conferred by Foreign Law in relation to the property of a living person shall not be recognised as:

- (a) affecting the ownership of immovable property in the DIFC and movable property including a Digital Asset wherever it is situated for the purposes of Article 13(2)(a) and (b) or for any other purpose; or
- (b) constituting an obligation or liability for any purpose.

.....

SCHEDULE 1
INTERPRETATION

.....

3. Defined terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

<u>Term</u>	<u>Definition</u>
<u>Digital Asset</u>	has the meaning given in Article 8 of the Digital Assets Law.
<u>Digital Assets Law</u>	the Digital Assets Law DIFC Law No. 2 of 2024.
<u>Property</u>	<p>any movable or immovable property <u>including a Digital Asset</u>, and includes rights and interests, whether present or future and whether vested or contingent and where it concerns the property of a Foundation, it shall include:</p> <ul style="list-style-type: none"> (a) any property (including money, investments and other property) contributed to the Foundation; (b) any capitalised income added to the property so contributed; and (c) the money, investments and property from time to time representing those assets and capitalised income.

.....

PART 9: AMENDMENTS TO PERSONAL PROPERTY LAW 2005

- 1 The Personal Property Law 2005 is amended as prescribed in this Part.
- 2 The following Articles of the Personal Property Law 2005 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

.....

PART 2: APPLICATION

7. Application

Unless stated otherwise in this Law, this ~~This Law applies to any property which is capable of being owned and transferred under the laws of the DIFC~~ other than real property, regardless of whether such property is capable of being owned or transferred under the laws of any other jurisdiction.

.....

PART 3: TRANSFERS OF PROPERTY

10. Partially effective transfers

- (1) Where property is transferred by a person who is not its owner, and who does not ~~sell~~ transfer it under the authority or with the consent of the owner, the transferee acquires no better title to the property than the transferor had.
- (2) Where a transferee enters into a transfer of property as described in Article 10(1) in circumstances where, as a direct result of anything said or done by the owner, he believes in good faith that the transferor either is the owner or is acting under the authority or with the consent of the owner, the transferee acquires the title which he would have acquired had the transferor been so acting.
- (3) Where there is a contract for the sale of unascertained property no title to the property is transferred to the transferee unless and until the property is ascertained.
- (4) Where by a contract of sale the transferor purports to effect a present sale of future property, the contract operates as an agreement to sell the property.

11. Transferor with voided title

~~When the transferor of property has a voided title to it, but his title has not been avoided at the time of the transfer, the transferee acquires a good title to the property provided he buys it in good faith and without notice of the transferor's defect of title.~~

12. Transferor with incomplete title

~~Where a person owns property in which there is a subsisting third party property interest and is in possession of that property, or of documents of title to it, the delivery or transfer by that person, or by an agent acting for him, of the property or documents of title to it to any person receiving the same in good faith and without notice of the existence of the third party property interest has the same effect as if the person making the delivery or transfer were expressly authorised by the owner of the subsisting third party property interest to make the same.~~

13. Transferor with no title

~~Where a person obtains possession of property or documents indicating title to property with the consent of the owner or lawful possessor of such property or documents, the delivery or transfer by that person, or by an agent acting for him, of the property to any person receiving the same in good faith and without notice of any third party property interest has the same effect as if the person making the delivery or transfer were expressly authorised by the owner of the property to make the same.~~

11. Digital Assets

- (1) Article 8 to 10 of this Law shall not apply to Digital Assets.
- (2) General rules as to title and transfer of title of Digital Assets shall be determined by Part 3 of the Digital Assets law.

12. Transfer subject to subsisting adverse property interest

- (1) Subject to Articles 10 and 14 of this Law, an innocent transferee of:
 - (a) the legal title in property takes free of all interests in the property, whether legal or equitable;
 - (b) the equitable interest in property takes free of all interests in the property save those that are superior to that equitable interest.

- (2) For the purposes of Article 12(1), a transferee of property is an innocent transferee of that property if the transferee has received the property in good faith, for value and without notice of a third party property interest.
- (3) For the purpose of Article 12(2), a transferee has notice of a third party property interest if the transferee knows or ought reasonably to know that another person has an interest in the property that conflicts with the interest the transferee seeks to purchase.
- (4) This Article 12 shall not apply to a transfer of Money, Financial Collateral, Negotiable Instrument or Negotiable Document (which includes such property that is also a Digital Asset).

13. Transfer of Money, Financial Collateral, Financial Property, Negotiable Instrument or Negotiable Document subject to subsisting adverse property interest

- (1) This Article 13 applies to the transfer of a property interest in Money, Financial Collateral, Negotiable Instrument or Negotiable Document (which includes such property that is also a Digital Asset).
- (2) Subject to Article 14 of this Law, an innocent transferee of:
 - (a) the legal title in such property takes free of all interests in the property, whether legal or equitable; and
 - (b) the equitable interest in such property takes free of all interests in the property save those that are superior to that equitable interest.
- (3) For the purpose of Article 13(2), a transferee of such property is an innocent transferee of that property unless:
 - (a) the transferee does not give value, or
 - (b) the transferee gives value, but has actual knowledge of the third party property interest, or has knowledge of facts indicating a significant risk that the third party property interest exists and deliberately avoids making inquiries that a reasonable person in the transferee's position would make which would establish the existence of the third party property interest.

14. Transfer of property subject to a Security Right

The circumstances under which a transferee of title to property takes free of a Security Right is determined by the Law of Security.

1415. Application of this Part

This Part is subject to the provisions of Parts 5, ~~6 and 7~~ and 6.

PART 4: RIGHTS OF PARTIES

1516. Unpaid transferor defined

- (1) The transferor of property is an unpaid transferor within the meaning of this Law:
 - (a) when he has entered into a contract of sale in respect of the property and the whole of the price has not been paid or tendered;
 - (b) when a bill of exchange or other ~~negotiable instrument~~ Negotiable Instrument has been received as conditional payment, and the condition on which it was received has not been fulfilled by reason of the dishonour of the instrument or otherwise.
- (2) In this Part of this Law, 'transferor' includes any person who is in the position of a transferor, as, for instance, an agent of the transferor to whom a bill of lading has been endorsed, or a consignor or agent who has himself paid (or is directly responsible for) the price.

1617. Unpaid transferor's rights

- (1) Subject to this and any other law, notwithstanding that title to the property may have passed to the transferee, the unpaid transferor of property, as such, has by implication of law:
 - (a) a lien on the property or right to retain it for the price while he is in possession of it;
 - (b) in the case of the insolvency of the transferee, a right of stopping the property in transit after he has parted with the possession of it; and
 - (c) a right of re-sale as limited by this Law.
- (2) Where title to the property has not passed to the transferee, the unpaid transferor has (in addition to his other remedies) a right of withholding delivery similar to and coextensive with his rights of lien or retention and stoppage in transit where title has passed to the transferee.

1718. Specific performance

- (1) In any action for a failure to perform any legal obligation to deliver property the Court may, if it thinks fit, on the plaintiff's application, by its judgement or decree direct that the contract shall be performed specifically, without giving the defendant the option of retaining the property on payment of damages.
- (2) The plaintiff's application may be made at any time before judgement or decree.
- (3) The judgement or decree may be unconditional, or on such terms and conditions as to damages, payment of the price and otherwise as seem just to the Court.

PART 5: INVESTMENT TRANSACTIONS - GENERAL

1819. Transfer authority

- (1) A person who has the necessary authority and documentation to procure a transfer of title to an investment has transfer authority.
- (2) In respect of bearer investments, any person having physical possession of the bearer investment has transfer authority.
- (3) In respect of bills of exchange and investments transferred by endorsement, a person has transfer authority if he has authority to endorse the bill or investment to a third party.
- (4) In respect of registered investments, a person has transfer authority if he is in possession of, or has authority to execute, an instruction to the relevant registrar to register the investments in the name of a transferee.
- (5) In respect of any investments held in an investment account, a person has transfer authority if he is entitled to give the investment intermediary an entitlement order.

19. Acquisition of an investment

A person acquires an investment if:

- (a) the person is a purchaser to whom the investment is delivered; or
- (b) the person otherwise acquires an investment entitlement to the investment.

20. Notice of a third party property interest

- (1) A purchaser of a certificated investment has notice of a third party property interest if the certificate:
 - (a) has been endorsed or otherwise designated for a purpose or use not involving transfer; or
 - (b) is a bearer security and has on it an unambiguous statement that it is the property of a person other than the transferor, but the mere writing of a name on the certificate is not such a statement.
- (2) Filing of a security interest under the Law of Security is not notice of a third party property interest in an investment.

2120. Control

....

- (6) A person who has satisfied the requirements of Article 2120(3)(b) or 2120(4)(b) has control even if the registered owner in the case of Article 2120(3)(b) or the entitlement holder in the case of Article 2120(4)(b) retains the right to make substitutions for the uncertificated security or investment entitlement, to originate instructions to the issuer or investment intermediary, or otherwise to deal with the uncertificated security or investment entitlement.
- (7) An issuer or an investment intermediary may not enter into an agreement of the kind described in Article 2120(3)(b) or 2120(4)(b) without the consent of the registered owner or entitlement holder, but an issuer or an investment intermediary is not required to enter into such an agreement even though the registered owner or entitlement holder so directs. An issuer or investment intermediary that has entered into such an agreement is not required to confirm the existence of the agreement to another party unless requested to do so by the registered owner or entitlement holder.

2221. No requirements for writing

Where parties to an agreement, or subject to the Business Rules of an Authorised Market Institution, have provided that records of holdings or entitlements, contracts for purchase or sale or instructions for debit or credit relating to investments, investment entitlements, or assets held in an investment account may be made otherwise than in writing, the absence of signed writing or record authenticated by a party against whom enforcement is sought will not invalidate the enforceability of the holding, entitlement, contract or instruction provided it was created or transmitted in accordance with the agreement or Business Rules.

PART 6: TRANSFER OF INVESTMENTS**2322. Efficacy of endorsement or instruction**

- (1) An endorsement or instruction is effective if:
- (a) it is made by a person having the right to transfer authority;
 - (b) it is made by a person having transfer authority as an agent including, in the case of an instruction or entitlement order, a person who has control under Article ~~24~~20(3)(b) or ~~24~~20(4)(b); or

....

2423. Effect of issuer's restriction on transfer on securities

A restriction on transfer of a security imposed by the issuer shall be regarded as a third party property interest, and shall be ineffective against any person other than a person who had ~~notice~~ actual knowledge of such third party property interest or knowledge of facts sufficient to indicate that there is a significant probability that the third party property interest exists and deliberately avoids making inquiries that a reasonable person in his position would make which would establish the existence of the third party property interest unless:

- (a) the security is certificated and the restriction is noted conspicuously on the security certificate; or
- (b) the security is uncertificated and the registered owner has been notified of the restriction.

2624. Purchaser's right to requisites for registration of transfer

Unless otherwise agreed, the transferor of a security on due demand shall supply the purchaser with proof of authority to transfer or with any transfer authority which may be necessary to obtain registration of the transfer of the security, but if the transfer is not for value, a transferor need not comply unless the purchaser pays the necessary expenses. If the transferor fails within a reasonable time to comply with the demand, then without prejudice to any other right or remedy available to the transferee, he may reject or rescind the transfer.

PART 7: TRANSFER OF CERTIFICATED AND UNCERTIFICATED INVESTMENTS

25. **Rights of purchaser**

- (1) ~~Upon delivery of a certificated or uncertificated investment to a purchaser, the purchaser acquires all rights in the investment that the transferor had or had power to transfer.~~
- (2) ~~A purchaser of a limited interest acquires rights only to the extent of the interest purchased.~~
- (3) ~~A purchaser of an investment who has notice of a third party property interest takes subject to that interest.~~

.....

PART 8: INVESTMENT ENTITLEMENTS

2725. Acquisition and disposition of investment entitlements

.....

- (6) This Article does not preclude any other method provided by law for acquisition and disposition of investment entitlements, but the priority of an interest created by any such other method is subject to the rules in Article 32.

2826. Rights in investment entitlements

- (1) The credit of an investment entitlement to an ~~entitlement~~ investment account confers on the account holder:
 - (a) subject to Article ~~2826~~(2), the right to receive and exercise the rights attached to the investment, including without limitation dividends, interest and other distributions and voting rights;
 - (b) the right, by instructions to the relevant intermediary, to cause the investment entitlement (or part thereof) to be debited to the investment account and credited to an investment account of another account holder (whether with the relevant intermediary or another investment intermediary) or to be delivered into the possession or control of a ~~secured party~~ Secured Creditor;
 - (c) the right, by instructions to the relevant intermediary, to cause the investment entitlement (or part thereof) to be debited to the investment account and
 - (d) credited to the account holder's investment account with another investment intermediary;
 - (e) the right, by instructions to the relevant intermediary, to withdraw investments so as to be held by the account holder otherwise than through an investment account, to the extent permitted by law under which the investments are constituted, the terms of the investment and the account agreement; and
 - (f) such other rights as may be conferred by law or regulation applicable to investment accounts and investment intermediaries.
- (2) Credit to an investment account of an account holder who is acting in the capacity of investment intermediary with respect to the entitlement only conveys the rights in Article ~~2826~~(1)(a) if that account holder, or another investment intermediary through which, directly or indirectly, it holds the relevant investment entitlement is entitled to those rights against the issuer under the terms and laws pursuant to which the investments are constituted.
- (3) Without prejudice to Article ~~4036~~ and Article ~~4137~~, the rights referred to in Article ~~2826~~(1):
 - (a) are effective against the relevant intermediary and third parties; and
 - (b) may be enforced against the relevant investment intermediary and, subject to the terms and laws pursuant to which the investments are constituted, the issuer of the relevant investments.

.....

2927. Exercise of rights

- (1) Subject to Article ~~2729~~(2) and (3), an investment intermediary must take appropriate measures to enable its account holders to receive and exercise the rights specified in Article ~~2628~~(1).

- (2) To the extent that the rights referred to in Article ~~2628~~(1) are dependent on the actions of the relevant intermediary, the account holder is not entitled to any such right to the extent that giving effect to the right:
- (a) is not within the power of the relevant intermediary;
 - (b) would require the relevant intermediary to act in a manner that is not permitted by any applicable law or by the terms of the relevant investments;
 - (c) would require the relevant intermediary to establish an investment account with another investment intermediary; or
 - (d) is waived by the account holder by agreement with the relevant intermediary.
- (3) Any obligation of the relevant intermediary in respect of the rights of the account holder under Article ~~2628~~(1) shall be satisfied if the relevant intermediary acts with respect to that obligation:
- (a) if an Authorised Market Institution, in accordance with its Business Rules;
 - (b) if an authorised firm, in accordance with the account agreement or, if there is no account agreement, in accordance with reasonable commercial standards;
 - (c) in accordance with any other agreement between the account holder and the relevant intermediary; or
 - (d) by placing the account holder in a position to exercise any relevant right directly.

~~3028~~. Authority, timing, conditionality, reversals

.....

- (5) Notwithstanding Article ~~3028~~(4), if:
- (a) an investment entitlement has been credited to an investment account of an account holder in circumstances such that the credit is not effective or is liable to be reversed; and
 - (b) before that credit has been reversed, the investments are credited to the account of a third party under a further disposition,

the fact that the initial credit was made in circumstances such that it is not effective or is liable to be reversed does not make the further credit ineffective against the person making the further disposition, the relevant intermediary or third parties unless:

- (i) the further credit is made conditionally and the condition is not satisfied;
- (ii) the credit was made to a person having knowledge, at the time it was made, that it is made as a result of the further disposition and that the further disposition is made in the circumstances described. A person has knowledge for the purpose of this Article ~~3028~~ if he has actual knowledge or has knowledge of facts sufficient to indicate that there is a significant ~~probability risk~~ and deliberately avoids ~~information making inquiries that a reasonable person in his position would make~~ that would establish the facts of the case; or
- (iii) the further disposition is made by way of gift or otherwise gratuitously.

~~3129~~. Prohibition of higher-tier attachment

- (1) No attachment of or in respect of an investment entitlement of an account holder shall be granted or made against the issuer of the relevant investment or any investment intermediary other than the relevant intermediary.

- (2) In this Article, “attachment” means any judicial, administrative or other act or process for enforcing or satisfying a judgement, award or other judicial, arbitral, administrative or other decision against or in respect of the account holder or for freezing, restricting or impounding property of the account holder in order to ensure the ability to satisfy or enforce any future such judgement, award or decision.

.....

32. Recognition of and priority among competing interests

- (1) ~~Interests arising under Article 27 and under the Law of Security:~~
- (a) ~~have priority over any interest created by any method permitted by DIFC law other than those provided in Article 27 and pursuant to the Law of Security;~~
 - (b) ~~rank among themselves in the order in which they were created.~~
- (2) ~~Any other interest in investment entitlements arising by operation of law under any law or regulation of the DIFC has such priority as is afforded by the law or regulation.~~
- (3) ~~Subject to Article 32(1) and (2), the priority of any competing interests in investment entitlements is determined by DIFC law.~~
- (4) ~~As between persons entitled to any interests referred to in this Article, the priorities provided by the preceding paragraphs of this Article 32 may be varied by agreement between those persons.~~

33. Protection against third party property rights

- (1) ~~A person who acquires an investment entitlement by credit to an investment account under Article 27, and who does not at the time of acquisition have knowledge of a third party property interest with respect to the investment entitlement, is not subject to that third party property interest.~~
- (2) ~~Article 33(1) does not apply in respect of an acquisition by way of gift or otherwise gratuitously.~~
- (3) ~~For the purposes of this Article, a person acts with knowledge of a third party property interest if that person:~~
- (a) ~~has actual knowledge of the third party property interest; or~~
 - (b) ~~has knowledge of facts sufficient to indicate that there is a significant probability that the third party property interest exists and deliberately avoids information that would establish the existence of the third party property interest~~

~~and knowledge received by an organisation is effective for a particular transaction from the time when it is or ought reasonably to have been brought to the attention of the individual conducting that transaction.~~

3430. Duty of investment intermediary to hold and maintain sufficient investments

- (1) An investment intermediary may not:
- (a) make any credit of an investment to an investment account maintained by it; or
 - (b) dispose of an investment held by it or credited to an investment account which it holds with another investment intermediary

if upon that credit or disposition becoming effective there would not be sufficient investments of the same description held by it or credited to investment accounts which it holds with another investment intermediary.

- (2) If at any time sufficient investments of any description are not held by an investment intermediary or credited to investment accounts maintained which it maintains with another investment intermediary, it must take such action as is required to ensure that sufficient investments of that description are so held or credited.
- (3) For purposes of this Article, “sufficient investments” of any description means investments of an aggregate number or amount at least equal to the aggregate number or amount of investments of that description credited to the investment accounts maintained by the investment intermediary.
- (4) Article ~~3034~~(2) is without prejudice to:
 - (a) any provision of DIFC law;
 - (b) any provision of the Business Rules of an Authorised Market Institution; or
 - (c) subject to DIFC law, any account agreement relating to the allocation of the cost of ensuring compliance with the requirements of that paragraph.
- (5) The fact that a credit or disposition is made in contravention of Article ~~3034~~(1) does not render the credit or disposition ineffective, but:
 - (a) the investment intermediary must comply with Article ~~3034~~(2); and
 - (b) this paragraph does not affect any liability of the investment intermediary to compensate an account holder for any loss arising from the contravention.

3531. Investments and certain money claims to be allocated to account holders and not part of investment intermediary's insolvent estate

- (1) Investments held by an investment intermediary or credited to investment accounts held by an investment intermediary with another investment intermediary shall be allocated to the rights of account holders of that investment intermediary to the extent necessary to ensure that the aggregate number or amount of the investments or claims of that description so allocated is equal to the aggregate number or amount of such investments or claims credited to investment accounts maintained by the investment intermediary.
- (2) Investments allocated under Article ~~3135~~(1) shall not form part of the property of an investment intermediary available for distribution among or realisation for the benefit of its creditors in the event of an insolvency proceeding in respect of the investment intermediary or be otherwise subject to claims of creditors of the investment intermediary.
- (3) The allocation required by Article ~~3135~~(1) shall be effected by the arrangements of the investment intermediary or, in the absence of such arrangements, by operation of DIFC law.

3632. Effect of insufficiency on account holders' rights

- (1) If the aggregate number or amount of investments held by an investment intermediary or credited to an investment account that it holds with another investment intermediary is less than the aggregate number or amount of investments of that description credited to investment accounts, then the shortfall:
 - (a) where the investment intermediary is an Authorised Market Institution whose Business Rules make provision for the allocation of the shortfall, shall be allocated in the manner so provided by such Business Rules; and
 - (b) subject to Article ~~3236~~(1)(a), shall be allocated among the account holders to whose investment accounts the assets or investments of the relevant description are credited, in proportion to the respective numbers or amounts of assets or investments so credited.
- (2) In any allocation required under Article ~~3236~~ (1)(b) no account shall be taken of:

- (a) the origin of, or any past dealings in, any investments held by the investment intermediary or credited to investment accounts held by the investment intermediary with another investment intermediary; or
- (b) the order in which or time at which any investments are credited or debited to the respective investment accounts of account holders.

3733. Right of transfer against an insolvent investment intermediary (revindication)

- (1) The rights of an account holder constituted by the credit to an investment account under Article 2527 are effective against a receiver or liquidator in any insolvency proceedings in respect of the relevant intermediary.
- (2) In the event of the insolvency of a relevant intermediary, the account holder may instruct the transfer or registration of investments or investment entitlements or transfer of money claims to which Article 3236(1)(b) applies, and such an instruction shall be enforceable against a receiver or liquidator.

3834. Insolvency of clearing and settlement intermediaries or Authorised Market Institutions

- (1) Any provision of the Business Rules of an Authorised Market Institution relating to the finality of acquisitions or dispositions effected pursuant to such Business Rules: shall, to the extent of any inconsistency with any other applicable law or regulation, prevail in respect of determining claims to investment entitlements subject to the control of the Authorised Market Institution; and
- (2) shall have effect and prevail over any applicable law of insolvency notwithstanding the commencement of an insolvency proceeding in respect of the Authorised Market Institution or any party to a contract for the acquisition or disposal of an investment or investment entitlement to which such Business Rules apply.

3935. Instructions

- (1) Subject to Article 3935(2), an investment intermediary is neither bound nor entitled to give effect to any instructions with respect to an investment entitlement of an account holder given by any person other than that account holder or his agent.
- (2) Article 3935 (1) is subject to:
 - (a) the provisions of the account agreement, any other agreement between the account holder and the relevant intermediary, or any other agreement entered into by the relevant intermediary with the consent of the account holder;
 - (b) the rights of any person (including the investment intermediary) who holds a ~~perfected security interest~~ Security Right that is effective against third parties;
 - (c) ~~subject to Article 32~~, any judgment, award, order or decision of a court, tribunal or other judicial or administrative authority of competent jurisdiction;
 - (d) any mandatory provision of law or any mandatory regulation; and
 - (e) where the investment intermediary is an Authorised Market Institution, the Business Rules of the Authorised Market Institution.

4036. Position of issuers of investments

- (1) Any law or regulation of the Companies Law, and any provision of the terms of issue of investments constituted under the Companies Law, which would prevent the holding of investment entitlements with an investment intermediary or the effective exercise by an account holder of rights in respect

of investment entitlements shall be modified to the extent required to make possible the holding of such investments with an investment intermediary and the effective exercise of such rights.

- (2) Without limiting the generality of the forgoing, this Article ~~40~~36 applies in particular to any provision:
- (a) which restricts the ability of a holder of investments to exercise voting or other rights in different ways in respect of different parts of a holding of investments of the same description;
 - (i) which does not include adequate provision for making available to account holders holding investment entitlements, or to investment intermediaries for transmission to such account holders copies of notices, accounts, circulars and other materials addressed by the issuer to holders of such investment entitlements; and
 - (ii) means of exercising the rights attached to the investments either in person or through a proxy or other representative;
 - (b) which prohibits or fails to recognise the holding of investments by a person acting in the capacity of investment intermediary;
 - (c) under which recognition of the holding of investments by an investment intermediary or the exercise of rights by an account holder holding investment entitlements to such investments is conditional on the maintenance of records in a particular medium;
 - (d) which imposes restrictions on the holding of investments or the exercise of rights attached to investments by reference to the identity, status, residence, nationality, domicile or other characteristics or circumstances of any person acting in the capacity of investment intermediary.
- (3) Article 36~~40~~(1) and (2), nothing in this Article makes an issuer of investments bound by, or compels such an issuer to recognise, a right or interest of any person in or in respect of such investments if the issuer is not bound by or compelled to recognise that right or investments under the law under which the investments are constituted and the terms of the investments.

41~~37~~. Set-off and netting

- (1) As between an account holder who holds investment entitlements for its own account and the issuer of those investments, the fact that the account holder holds the investments with an investment intermediary shall not of itself, in any insolvency proceeding in respect of the issuer, preclude the existence or prevent the exercise of any rights of set-off which would have existed and been exercisable if the account holder had held the investments otherwise than through an investment intermediary.
- (2) Netting of entitlements and rights to investments or entitlements as provided in agreements between parties or between investment intermediaries and account holders or in the Business Rules of an Authorised Market Institution shall be enforceable.
- (3) Close-out netting as provided in termination provisions of agreements or the Business Rules of an Authorised Market Institution shall be enforceable according to the terms of the agreement or Business Rules applicable.

42~~38~~. Enforcement

Except as otherwise provided by law or regulation, an investment entitlement may be enforced only against the relevant intermediary.

PART 8: REGULATIONS

4339. Regulations

The Board of Directors of the DIFC, either directly or through authority delegated to the DFSA, may make Regulations clarifying, implementing, extending, waiving or modifying the application of the provisions of this Law in relation to the holding of investments or interests or entitlements in investments.

SCHEDULE 1

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3. **Defined terms**

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

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Authorised Market Institution	has the meaning set out in the Regulatory Law a person who is licensed by the DFSA in relation to the carrying on of one or more Financial Services prescribed pursuant to Article 42(1)(b) of the Regulatory Law 2004, or a person who is licensed in another jurisdiction to carry on one or more Financial Services
Authorised person	has the meaning set out in the Regulatory Law an Authorised Market Institution, or a person who holds a licence to carry on one or more Financial Services prescribed pursuant to Article 42(1)(a) of the Regulatory Law 2004, or a person who holds a licence in another jurisdiction to carry on one or more Financial Services

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<u>Business Rules</u>	<u>rules of an Authorised Market Institution governing the conduct of its business and which are in accordance with the laws and regulations applicable to the conduct of its business</u>
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control	has the meaning given to it in Article 24 20.
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delivery	voluntary transfer of possession from one person to another and includes any act of separation by which property becomes unconditionally appropriated to a contract, and in the context of a Digital Asset, means a change of control under Article 10 of the Digital Assets Law
<u>DFSA</u>	<u>the Dubai Financial Services Authority.</u>

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<u>Digital Asset</u>	<u>has the meaning given in the Digital Assets Law</u>
<u>Digital Assets Law</u>	<u>means the Digital Assets Law DIFC Law No. 2 of 2024</u>

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<u>Financial Collateral</u>	<u>has the meaning given in the Law of Security</u>
<u>Financial Property</u>	<u>has the meaning given in the Law of Security</u>
<u>Financial Service</u>	<u>has the meaning given in the Rules made under Article 41 of the Regulatory Law 2004</u>

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DIFC LAWS AMENDMENT LAW

investment	has the meaning prescribed in the Rules made under the Regulatory Law 2004 provided that: (a) a n Negotiable instruments Instruments; and (b) commodities (and rights and interest in commodities) traded on an Authorised Market Institution shall be investments for the purpose of this Law
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investment entitlement	the rights of an entitlement holder with respect to an investment or credited to his account has the meaning given in the Law of Security
investment intermediary	a person who in the ordinary course of business transacts investments or holds investments by way of custody or security, including an Authorised Market Institution has the meaning given in the Law of Security

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<u>Law of Security</u>	<u>the Law of Security DIFC Law No. 4 of 2024</u>
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<u>Money</u>	<u>has the meaning given in the Law of Security</u>
<u>Negotiable Instrument</u>	<u>has the meaning given in the Law of Obligations DIFC Law No. 5 of 2005</u>
<u>Negotiable Document</u>	<u>has the meaning given in the Law of Security</u>

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s <u>Secured party Creditor</u>	has the meaning set out in the Security Law <u>Law of Security</u>
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<u>Security Agreement</u>	<u>has the meaning given in the Law of Security</u>
<u>Security Law</u>	The Security Law 2005
<u>Security Right</u>	<u>has the meaning given in the Law of Security</u>

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transfer authority	has the meaning given to it in Article 18 <u>19</u> and shall include the “right” to transfer title.
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