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CHAIRMAN'S MESSAGE

CS Raghvendra Verma
Company Secretary

Dear Members and Esteemed Readers,

It is my privilege to present Volume 11 of *Corporate Governance*, our international newsletter for governance professionals. This edition reflects the breadth of change now confronting boards, company secretaries, legal advisers and compliance leaders across the UAE and the wider region.

Our **Legal & Regulatory Update - UAE** captures the pace and practical significance of that change. It considers the new federal Civil Code, the expanded Central Bank licensing perimeter, the reconstituted Capital Market Authority, tax and e-invoicing developments, the new wage payment deadline, and important DIFC and ADGM reforms. Its regional lens also reminds us that GCC developments in company law, labour regulation, beneficial ownership and ESG disclosure must be mapped jurisdiction by jurisdiction, with careful attention to commencement dates and the entities in scope.

The dedicated article, **The UAE's New Civil Code: A Structural Reset of Private Law**, takes us beyond the headline. Express duties of good faith and disclosure during negotiations, stronger party autonomy, revised guarantor protections, broader buyer remedies and transitional limitation issues all carry immediate consequences. Contracts, guarantee packages, negotiation protocols and limitation calendars require disciplined review.

Our practical guide to the **DIFC Foundations Law** examines a structure of growing importance for succession, asset holding and long-term stewardship. Its worked examples show how the Charter, By-laws, Council, Guardian and Registered Agent must form a coherent governance framework. A Foundation's value lies in precise drafting, clear allocation of authority and consistent compliance throughout its life cycle.

The article on **CEO Succession Planning and the Board** addresses one of the Board's most consequential responsibilities. Succession must be a continuous process linking strategy, leadership development, emergency readiness, diversity, evaluation and orderly transition. Company secretaries can contribute by helping the Board institutionalise that process and maintain the discipline required for continuity.

The final feature, **VAPT in the VARA Era**, places cybersecurity firmly within governance and accountability. For virtual asset businesses, testing must extend to wallets, APIs, smart contracts and critical third parties, respond to material changes, assign clear ownership for remediation and translate technical findings into business and regulatory risk. In a market built on trust, security is a leadership concern, not an isolated IT exercise.

Taken together, these contributions share a common theme: effective governance requires more than formal compliance. It demands foresight, informed oversight and the ability to translate evolving law, technology and risk into practical systems of responsibility - a role governance professionals are uniquely placed to perform.

I extend my sincere appreciation to our authors, the Research and Publications Committee, the editorial team and every member whose commitment has made this edition possible. I trust that these perspectives will support your professional work, encourage dialogue and strengthen responsible governance across our community.

Warm regards,

CS Raghvendra Verma

Legal & Regulatory Update – UAE

UAE — FEDERAL

New Civil Code enters into force

Federal Decree-Law No. 25 of 2025 · effective 1 June 2026

The new Civil Transactions Law took effect on 1 June 2026, repealing the 1985 Civil Code in its entirety. Headline reforms include express pre-contractual good faith and disclosure duties, a refined abuse-of-rights test, clearer party autonomy on governing law, stronger guarantor protections, and a broadened remedy regime for buyers of defective goods. See our dedicated analysis (AMADI/KP/ART/2026/01) for a full clause-by-clause comparison against the 1985 Code.

Why it matters

Standard-form contracts, guarantee packages, and negotiation protocols drafted under the old Code should be audited against the new provisions, particularly for contracts concluded on or after 1 June 2026, subject to the applicable transitional and subject-specific rules.

Central Bank Law overhaul reaches its compliance deadline

Federal Decree-Law No. 6 of 2025 · issued 8 September 2025, effective 16 September 2025; transition deadline 16 September 2026

The New CBUAE Law consolidates regulation of banks, payment providers, and insurers under a single framework and, notably, brings enabling technology providers — digital platforms, protocols, and infrastructure supporting financial services — within the Central Bank's licensing perimeter for the first time. Entities newly in scope have until 16 September 2026 to regularise their position. Alongside this, the CBUAE issued a package of six updated AML/CFT/CPF guidance documents on 16 April 2026, covering matters including proliferation-financing risk, trade-based money laundering, and correspondent banking. It also issued the Telemarketing Regulation under Circular No. 3/2026 on 19 February 2026, effective 31 March 2026, to protect customers of licensed financial institutions.

Why it matters

Fintechs, payment facilitators, and any platform that intermediates a financial service — even without holding client funds — should confirm whether they now fall within the CBUAE's expanded licensing perimeter before the September deadline.

Securities and Commodities Authority reconstituted as the Capital Market Authority

Federal Decree-Laws No. 32 and 33 of 2025 · effective 1 January 2026

The UAE has replaced Federal Law No. 4 of 2000 with a new, statute-driven capital markets regime. The SCA has been reconstituted as the Capital Market Authority (CMA), which assumes all rights, obligations, and contracts of its predecessor as a matter of law, with an expanded mandate covering investor protection, market integrity, and a new prospectus liability regime, statutory stabilisation safe harbour, and delayed-disclosure rules for inside information. Affected entities must regularise their status by 1 January 2027.

Why it matters

Listed companies, issuers, and market intermediaries should map their existing SCA-era approvals and disclosures against the new CMA framework well ahead of the 2027 deadline rather than waiting for individual notices.

Tax Procedures Law and VAT Law amended; e-invoicing rollout begins

Federal Decree-Law No. 16 of 2025 (VAT) and No. 17 of 2025 (Tax Procedures) · effective 1 January 2026; selected-taxpayer e-invoicing pilot from 1 July 2026

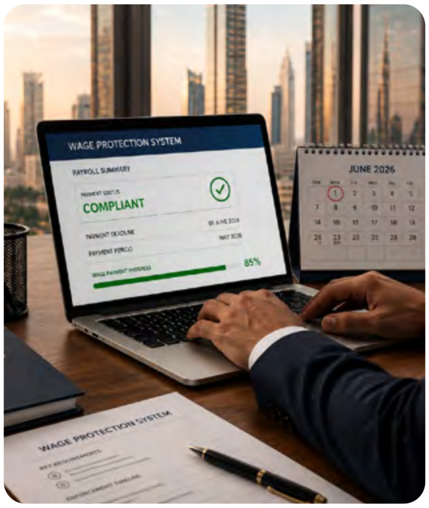
Federal Decree-Law No. 17 of 2025 amended the Tax Procedures Law, including by introducing a five-year period for claiming refunds of, or offsetting, tax credit balances, subject to specified exceptions and transitional relief. It also authorises the FTA to issue official and binding directions on the application of tax legislation. Federal Decree-Law No. 16 of 2025 separately amended the VAT Law. Cabinet Decision No. 129 of 2025, effective 14 April 2026, amended administrative penalties relating to Tax Procedures, VAT, and Excise Tax; it should not be described as a unified penalty regime extending to Corporate Tax. The Ministry of Finance's phased, Peppol-based e-invoicing programme begins with selected taxpayers on 1 July 2026. Businesses with annual revenue of at least AED 50 million must appoint a Ministry-accredited service provider by 31 July 2026 and implement the system from 1 January 2027.

Why it matters

Finance teams should map credit balances by tax period, assess the available transitional relief, and treat the applicable refund or offset period as a firm deadline. Businesses meeting the AED 50 million threshold should complete accredited service-provider selection by 31 July 2026.

Unified wage payment deadline for the private sector

MOHRE Ministerial Resolution No. 340 of 2026 · effective 1 June 2026



The new Wage Protection System resolution requires MOHRE-registered private-sector establishments to pay wages for the preceding Gregorian month by the first day of the following month, with payments after that date treated as delayed. An establishment is compliant where at least 85% of total wages are transferred by the due date, subject to lawful deductions and the detailed rules. Enforcement is progressive: notifications may begin on day 2, suspension of new work permits on day 5, fines and reclassification for relevant repeat violations on day 11, and specified labour-dispute and permit measures from day 16 for establishments or groups meeting the applicable 25-worker threshold. More severe measures may follow from day 21, including precautionary attachment, travel bans, and referral to the Public Prosecution in applicable cases.

Why it matters

Payroll cycles, bank cut-off arrangements, lawful deductions, and third-party payroll processes should be reviewed immediately. The former 15-day grace period has been removed and operational restrictions can arise well before day 21.

FREE ZONES — DIFC AND ADGM

DIFC opens its Prescribed Company regime to all applicants

Prescribed Company Regulations 2026 · enacted and effective 24 July 2026

The amended Prescribed Company (PC) Regulations remove the former qualifying-purpose, qualifying-applicant, and GCC-nexus eligibility requirements, materially widening access to DIFC passive holding structures. Any person may now establish a PC, but enhanced oversight applies: a non-exempt PC must appoint a DFSA-regulated Corporate Service Provider and use that provider's registered office. Existing non-exempt PCs generally have six months from commencement — until 24 January 2027, unless extended by the Registrar — to appoint an eligible Corporate Service Provider.

Why it matters

Clients can now consider DIFC PCs without establishing a GCC nexus, but each structure should be assessed promptly for exempt status, Corporate Service Provider appointment, registered-office arrangements, and the transitional deadline for existing PCs.

DIFC consults on AI-native Data Protection Regulations

DIFC Consultation Paper No. 3 of 2026 · published 18 June 2026, consultation closed 18 July 2026

Proposed amendments to the DIFC Data Protection Regulations would embed safety-by-design requirements for systems processing personal data using AI, clarify certification obligations and the role of the Autonomous Systems Officer, and give the Commissioner new powers to recognise third-party accreditation schemes.

Why it matters

DIFC entities deploying AI in any data-processing workflow should begin reviewing their governance documentation against the proposed framework ahead of finalisation.

ADGM tightens commercial legislation in two successive packages

Registration Authority amendments · effective 1 May 2026 and upon publication of the second package on 26 June 2026; second package announced 9 July 2026

ADGM has banned bearer shares, tightened beneficial ownership rules, and updated filing deadlines across its commercial legislation (1 May 2026), then followed with a second package (26 June 2026) introducing mandatory nominee flagging, extending beneficial ownership requirements to registered branches of foreign entities, tightening controls on high-value cash transactions for designated non-financial businesses and professions, and expanding the Registrar's powers to obtain beneficial ownership information connected to trusts. Both packages took effect immediately on publication, with no grace period.

Why it matters

ADGM-registered companies, foundations, trusts, and branches should conduct an immediate beneficial-ownership and structuring review — these changes bite from the date of publication, not from a future compliance date.

REGIONAL — GCC

Saudi Arabia implements separate Companies Law, Commercial Register, and beneficial-ownership reforms

Companies Law effective 19 January 2023; Commercial Register reforms effective 3 April 2025; revised UBO Rules effective 4 January 2026

Saudi Arabia's Companies Law, approved under Royal Decree No. M/132, and its implementing regulations took effect on 19 January 2023. The principal two-year regularisation period for existing companies ended in January 2025. Separate reforms subsequently modernised the corporate-transparency framework: the Law of Commercial Register introduced a unified national commercial register from 3 April 2025, and revised Ultimate Beneficial Owner Rules took effect on 4 January 2026. These are legally distinct measures and should not be presented as a single April 2026 Companies Law package. Any statement about changes to related-party approval thresholds or board and shareholder voting mechanics should be separately verified against an enacted instrument.

Why it matters

Foreign investors and joint-venture partners should confirm their entities' status on the unified Commercial Register, complete and maintain required beneficial-ownership filings, and verify that constitutional and governance arrangements remain aligned with the Companies Law and its implementing regulations.

Qatar overhauls its Labour Law

Qatar Law No. 9 of 2026 · issued 11 June 2026 and published in the Official Gazette on 25 June 2026

Qatar has amended its 2004 Labour Law to address modern working arrangements and strengthen regulation and enforcement. Part-time and freelance workers are excluded from the Labour Law, while the Council of Ministers may extend some or all of its provisions to them or establish a separate regulatory framework. The amendments also introduce vocational training, examination, and certification requirements for professions to be designated under new Article 23 bis; extend the maximum permissible non-compete period from one to two years, subject to Ministry approval; tighten recruitment-office licensing and penalties; and expand Ministry enforcement powers, including publication of repeat offenders and suspension of specified government services. The Law was issued on 11 June and published on 25 June 2026; its commencement should be confirmed against the Arabic Official Gazette text rather than assuming a 1 July 2026 effective date.

Why it matters

Employers in Qatar should update template employment contracts for the revised non-compete rules and monitor forthcoming Ministry of Labour decisions that will operationalise the new part-time and freelance framework.

GCC ESG and sustainability disclosure regimes develop unevenly

Jurisdiction- and entity-specific frameworks · reporting obligations differ across the GCC

ESG disclosure obligations across the GCC remain jurisdiction- and entity-specific. UAE-listed public joint-stock companies are subject to sustainability-reporting requirements, but IFRS S1/S2 alignment remains guidance rather than a confirmed Capital Market Authority mandate commencing in FY2026. Qatar applies IFRS S1 and S2 from financial years beginning on or after 1 January 2026 to QFMA-listed entities, QCB-regulated banks and insurers, and specified QFCRA-regulated firms. Kuwait requires Premier Market issuers to publish sustainability reports for FY2025 by the end of the second quarter of 2026, while the detailed ISSB-aligned reporting guide is optional.

Oman requires MSX-listed public joint-stock companies to report under its mandatory ESG regime. Bahrain applies ESG reporting requirements to listed companies and specified CBB licensees for reporting periods ending from December 2024; a fixed BHD 15,000 ESG-reporting fine should not be stated without citing a specific applicable enforcement provision. Saudi Exchange's general ESG Disclosure Guidelines remain voluntary, subject to separate sector- or product-specific requirements.

Why it matters

Groups operating across the GCC should map obligations entity by entity, distinguishing mandatory reporting from voluntary guidance and identifying the responsible regulator, reporting period, applicable framework, and enforcement provisions in each jurisdiction. There is not yet a single mandatory GCC-wide IFRS S1/S2 baseline.

The UAE's New Civil Code: A Structural Reset of Private Law

By

CS Sonal Manchandani

Company Secretary & Lawyer

On 1 June 2026, the United Arab Emirates turned a significant page in its legal history. Federal Decree-Law No. 25 of 2025, promulgating the new Civil Transactions Law, formally repealed Federal Law No. 5 of 1985 — the statute that had governed civil and contractual relations in the UAE for close to four decades. The New Law was issued on 30 December 2025 and, following a six-month transitional window, is now the operative civil code for onshore transactions across the Emirates.

This is not a routine amendment. Commentary describes it as the most far-reaching civil law reform since the founding of the Federation — a deliberate "structural reset" intended to consolidate decades of piecemeal amendment and judicial interpretation into a single, modernised text, while sharpening the boundary between the Civil Code and specialised commercial legislation such as the Commercial Transactions Law and consumer protection statutes.

Why Reform Was Needed

The 1985 Civil Code was, in its time, a sophisticated codification drawing on Egyptian and broader civil law tradition. But four decades of rapid economic growth, digital transformation, and cross-border commercial activity had outpaced it. Courts and practitioners increasingly relied on accumulated jurisprudence to fill gaps the original text never anticipated. The New Law responds by eliminating duplication with specialised legislation, codifying judicial principles that had developed informally over the decades into clear statutory rules, and aligning the UAE's civil framework with comparable reforms recently undertaken elsewhere in the region, including Kuwait, Qatar, and Saudi Arabia.

The Headline Reforms

Pre-contractual good faith and disclosure

Perhaps the most consequential change for commercial practice is the introduction of express pre-contractual obligations. Article 121 now legally mandates that parties conduct and terminate negotiations in good faith, effectively importing a culpa in contrahendo doctrine — liability for negotiations broken off in bad faith — that previously existed only in embryonic form in UAE jurisprudence. This is paired with pre-contractual disclosure obligations, meaning parties can face liability for what they concealed during negotiations, not only for what they later breached.

Governing law and party autonomy

Article 19 gives clearer primacy to the parties' own choice of governing law for contractual obligations, both as to form and substance. Only where no such agreement exists does the law fall back to the parties' common domicile, and failing that, the place of performance of the principal obligation. For cross-border and international transactions touching the UAE, this materially reduces the scope for jurisdictional disputes over which law applies.

Abuse of rights, refined

The doctrine of abuse of rights existed under the 1985 Code but was thinly defined. Article 106 now provides a more structured framework — closer to a proportionality test — for determining when the exercise of an otherwise valid legal or contractual right becomes unlawful because of the manner or purpose of its exercise.

Guarantor protection

Under the old regime, a creditor could pursue the guarantor alone, in any order, without first proceeding against the principal debtor. Article 1009 changes this: a creditor must now sue the debtor and guarantor together, or the debtor individually first — isolated action against the guarantor alone is no longer permitted, provided the guarantor raises this defence. This is a meaningful shift in creditor enforcement strategy and will require lenders and commercial creditors to revisit standard guarantee and enforcement templates.

Buyer remedies for defective goods

Articles 493 to 495 move away from the old inary choice of rescission or full-price acceptance. A buyer of defective goods may now reject the goods outright, retain them at a proportionally reduced price, or require the seller to supply a conforming substitute. Seller liability is correspondingly broadened to cover defects that diminish value or defeat the purpose expressly contracted for. The limitation period for latent-defect claims has also been extended, from six months to one year from delivery, unless a longer contractual guarantee applies.

Age of majority.

In a change with wide social and commercial reach, the age of majority is reduced from 21 lunar years to 18 Gregorian years, bringing the UAE into line with the majority of comparable jurisdictions and expanding the pool of individuals who can contract, hold assets, and act without a guardian.

Liability, damages, and limitation periods

The New Law clarifies civil liability and the assessment of damages, including allowing compensation for death or personal injury to be combined with blood money (diya) or assessed compensation where the harm exceeds what those heads alone would cover — reinforcing a principle of full reparation. Limitation periods across a number of claim categories have also been recalibrated, in some cases shortened.

Insurance and guarantees

The framework for insurance contracts has been refined, including a more developed regime for takaful (Islamic insurance), alongside the reorganisation of guarantee rules noted above.

Clause-by-Clause: Key Provisions Mapped, Old to New

The table below maps the specific articles most relevant to commercial practice from the 1985 Code to their 2025 counterparts, drawing on the article numbers confirmed in published legal commentary and, where available, the official legislation portal. Where a precise new-law article number has not yet been confirmed in available secondary sources, this is noted rather than guessed — for citation-grade precision on any specific matter, the mapping below should be checked against the official Arabic text and the Official Gazette publication.

Subject	1985 Law (Old)	2025 Law (New)	Nature of Change
Governing law / conflict of laws for contractual obligations	Article 19	Article 19	Numbering retained; content clarified to give clearer primacy to party choice of law, with domicile and place of performance as fallbacks.
Abuse of rights	Article 106	Article 106	Numbering retained; the four grounds of unlawful exercise are preserved but the proportionality ground is more sharply framed as an objective test.
Good faith in contractual performance	Article 246	Article 221	Substance mirrored almost verbatim; renumbered as part of a restructured, consolidated good-faith framework spanning negotiation to performance.
Good faith in pre-contractual negotiations	Not codified (judicial doctrine only)	Article 121	New express statutory duty — parties must conduct and terminate negotiations in good faith, with liability for bad-faith withdrawal.
Pre-contractual disclosure	Not codified	Article 122	New express statutory duty to disclose information material to the other party's consent during negotiations.

Subject	1985 Law (Old)	2025 Law (New)	Nature of Change
Hardship / exceptional circumstances	Article 249	Article 224	Threshold and judicial remedies for contractual imbalance arising from unforeseen events are more clearly structured; remains distinct from force majeure.
Force majeure (impossibility of performance)	Article 273	Retained in substance; renumbered within the restructured Book on Extinction of Obligations (exact new article not yet confirmed in available commentary)	Test remains objective impossibility, not mere hardship — reported as broadly unchanged by practitioners.
Guarantee (kafala) — creditor's recourse against guarantor	General kafala chapter (Articles 1056 et seq.)	Articles 1006 and 1009	Reorganised: a creditor can no longer pursue the guarantor in isolation before, or instead of, the principal debtor; specific time limits now apply to commencing proceedings against both.
Buyer's remedies for defective goods	General sale provisions (binary choice: rescission or acceptance at full price)	Articles 493–495	Expanded to a three-tier remedy — reject, retain at reduced price, or demand a conforming substitute; latent-defect limitation extended from six months to one year.
Age of majority / legal capacity	Article 85 (21 lunar years)	New Law provisions (18 Gregorian years; new article number not yet confirmed in available commentary)	Age of majority lowered and recalibrated from the lunar to the Gregorian calendar; court-supervised asset management now available from age 15.
Standard terms and contracts of adhesion	Article 248	Reorganised under the General Provisions on contract formation (exact new article not yet confirmed)	Courts retain, and appear to have sharpened, the express power to modify or exempt a party from unfair standard terms; contrary agreements are void.

Note: this table is a practitioner-oriented mapping drawn from published legal commentary on the New Law, not an official government concordance. Articles marked "not yet confirmed" should be verified against the official Arabic text before being relied upon in filings or formal advice.

Transitional Application – What Practitioners Need to Watch

The New Law generally applies to contracts entered into on or after 1 June 2026; contracts concluded before that date remain governed by the 1985 Code as a matter of substantive obligations. However, the more delicate issue concerns limitation periods that were already running as at 1 June 2026. Where the New Law prescribes a shorter limitation period than the 1985 Code for the same category of claim, practitioners should not assume the longer, familiar period still applies — the new, and in some cases shorter, limitation period may now govern even for pre-existing rights. This transitional question deserves case-by-case attention, particularly for any claim approaching a limitation deadline.

Practical Implications for Contract Drafting

For businesses and counsel operating onshore in the UAE, the New Law is not merely of academic interest. It has immediate drafting and risk-management consequences:

Negotiation conduct is now a source of liability

Term sheets, exclusivity arrangements, and the conduct of negotiating teams should be managed with the same discipline previously reserved for signed contracts.

Governing law clauses carry more weight, not less

Because Article 19 gives greater deference to the parties' choice, precision in drafting governing law and jurisdiction clauses becomes more, not less, important — particularly in DIFC/onshore-mixed structures, where the boundary between UAE civil law and DIFC common law must be clearly delineated.

Guarantee and security packages need review

Standard-form guarantees premised on a creditor's unilateral right to pursue the guarantor first should be revisited in light of Article 1009.

Liquidated damages and hardship clauses warrant fresh scrutiny

against the New Law's clarified approach to civil liability and contractual imbalance arising from exceptional circumstances.

Limitation tracking should be refreshed

across active files, particularly matters with claims that straddle the 1 June 2026 transition date.

A Measured Assessment

The New Civil Code preserves the core architecture and civil law character of its predecessor — this is recodification and modernisation, not a wholesale change of legal tradition. But the specific reforms are substantive: pre-contractual liability, guarantor protection, buyer remedies, and the treatment of limitation periods will all be tested in practice over the coming months as courts begin to apply the new text. For now, the safest posture for counsel is a disciplined one: assume the New Law applies to anything executed on or after 1 June 2026, audit standing precedents and templates against its provisions, and treat the transitional limitation-period question as a live diligence item on every active matter rather than a settled one.

DIFC Foundations Law
A Practical Guide with Worked Examples

By Raghwendra Kumar Verma
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Overview

The Foundations Law establishes the DIFC as a common-law jurisdiction capable of creating a body corporate — the DIFC Foundation — that combines the asset-holding flexibility traditionally associated with a trust with the separate legal personality of a company. Unlike a trust, a Foundation owns its assets in its own name; there is no trustee and no equitable split between legal and beneficial title. This note works through the Law Part by Part, cross-referencing the operative Articles, and illustrates each with a practical example drawn from the kind of structuring, succession and asset-protection mandates typically seen in a UAE / Pan-African private client and corporate practice.

Part	Topic	Articles
Part 2	Nature, Duration, Objects & the DIFC Law "Firewall"	Arts 10–16A
Part 3	Establishing a Foundation — Charter, By-laws, Council, Guardian, Registered Agent	Arts 17–26A
Part 4	Property of a Foundation — Capital, Qualified Recipients, Depository Receipts	Arts 27–31
Part 5	Administration — Accounts & Accounting Records	Arts 32–33
Part 6	Role of the Registrar & the Public Register	Arts 34–38
Part 7	Judicial & Non-Judicial Proceedings — Court Powers & Arbitration	Arts 39–53A
Part 8	Continuation, Migration & Recognised Foreign Foundations	Arts 54–66D
Part 9	Dissolution of Foundations	Arts 67–72

01 Nature, Duration, Objects and the DIFC Law "Firewall"

Part 2 of the Law — Articles 10 to 16A

A Foundation is a body corporate with legal personality separate from its Founder(s) and any other person, and has the capacity, rights and privileges of a natural person (Article 10(1)–(2)). Critically, its property is not held on trust for anyone — the Foundation owns its assets outright (Article 10(3)). A Founder has no automatic rights in the Foundation merely by virtue of having endowed it; any rights he or she retains must be spelled out in the By-laws (Article 10(4)).

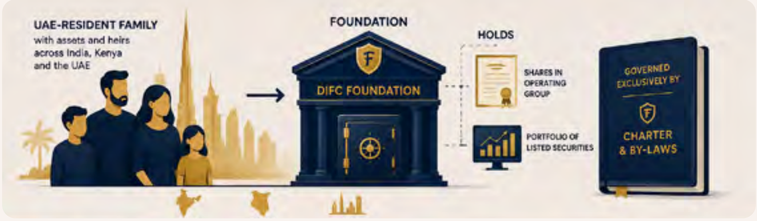
A Foundation may be established for a fixed term or in perpetuity, provided any dissolution trigger is specified in the By-laws (Article 11). Its objects must be certain, reasonable, possible, and not unlawful or contrary to DIFC public policy (Article 12(1)). Objects may be exclusively charitable, or non-charitable (including benefiting named persons, a category or a class) (Article 12(2)). A Foundation cannot trade commercially except to the extent ancillary or incidental to its objects (Article 12(5)) — it is a holding and administration vehicle, not an operating company.

Articles 13 to 16 create what practitioners refer to as the DIFC "firewall": all questions of capacity, validity, administration and the existence of powers in respect of a Foundation are determined under DIFC law alone, without reference to any other jurisdiction's law with which the Foundation may be connected (Article 13(1)). Foreign heirship rights are expressly disapplied in relation to DIFC-situated property (Article 15), and a foreign judgment inconsistent with Articles 13–15 will not be recognised or enforced in the DIFC (Article 16). Article 16A extends similar protection to a Foundation Officer personally: if a foreign court purports to order a Council member or Guardian to take some action in relation to the Foundation, that person must simply cease to act rather than comply.

PRACTICAL EXAMPLE — Firewalling a family succession structure against a foreign forced-heirship claim

A UAE-resident family with assets and heirs across India, Kenya and the UAE settles a Foundation to hold shares in an operating group and a portfolio of listed securities, with succession governed exclusively by the Foundation's Charter and By-laws. Years later, an estranged relative asserts a forced-heirship claim under a personal-status or succession law applicable in another jurisdiction, seeking to unwind the original contribution of assets to the Foundation.

By operation of Articles 13–16, that claim cannot be used to void, question or set aside the transfer, and any foreign judgment obtained on the strength of such a claim will not be recognised by the DIFC Courts. The distribution instead follows the Founder's wishes as recorded in the Charter and By-laws — which is precisely the certainty a Foundation is designed to deliver, and a key point of differentiation from holding the same assets directly in the Founder's personal name.



02 Establishing a DIFC Foundation

Part 3 of the Law — Articles 17 to 26A

Creation, Charter and By-laws

A Foundation is created by an application to the Registrar, signed by each Founder, disclosing the proposed name, registered office, the identity of each Founder and proposed Council member, the proposed Registered Agent (if any), the Charter, and (unless a Registered Agent is appointed) the By-laws (Article 17(2)). On registration, the Registrar issues a certificate of establishment, a registration number and a Licence (Article 17(6)).

The constitution of a Foundation is its Charter and (subject to Article 20(4)) its By-laws (Article 18). The Charter must be in English and must state the Foundation's name, its object(s), a description of the initial capital, its duration (if limited) and a declaration by each Founder requesting the Council to comply with its terms (Article 19(2)). The Charter can only be amended if it expressly provides for amendment, or by Court order (Article 19(4)) — so the drafting of the amendment mechanism at inception is a critical, largely irreversible choice. By-laws deal with the more operational matters: Council functions, appointment and removal procedures, remuneration, decision-making, delegation, and what happens to any residual property on winding up (Article 20(1)).

Council, Guardian and Registered Agent

The Council administers the Foundation's property and carries out its objects, and must have at least two members (Article 22(1)–(2)); a Founder or a body corporate may sit on the Council. Council members owe a fiduciary duty to act honestly and in the Foundation's best interests, to exercise the care and skill of a reasonably prudent person, and to declare any personal interest in a transaction (Article 22(8)–(9)). No person may simultaneously be a Council member and the Guardian (Article 22(6), Article 23(6)).

A Guardian is optional — except that it becomes mandatory where the Foundation has a charitable object or a specified non-charitable object, and mandatory in every case once the Founder has died (Article 23(1)–(2)). The Guardian's role is oversight: it may require the Council to account for how it has administered the property and pursued the objects, and may sanction or authorise Council action that would not otherwise be permitted by the By-laws, provided it is satisfied that doing so is in the Foundation's best interests and that the Council has acted in good faith (Article 23(7)–(11)).

A Registered Agent is optional in principle but, in practice, is how the great majority of DIFC Foundations satisfy the requirement to maintain a registered office in the Centre; only a DFSA-registered Qualified Person may act in that capacity, and a Foundation may not have more than one Registered Agent at a time (Article 24).

Founder-Reserved Powers and Protection from Duress

A Founder may reserve to himself the power to amend, revoke or vary the Charter or By-laws, or to terminate the Foundation — but only where the power is set out in full in the Charter, and only for a maximum period equal to the Founder's own lifetime (for a natural person) or fifty years from establishment (for a corporate Founder); thereafter the reserved power lapses automatically, whatever the Charter says (Article 26(1)–(2)). Article 26A additionally protects a Foundation Officer from being compelled, by duress or by an unauthorised demand, to take any action outside the Law, Charter or By-laws — directing that officer to disregard demands not made by a properly authorised person acting of their own free will.

PRACTICAL EXAMPLE — Balancing founder control with orderly succession

A first-generation patriarch wants to remain firmly in control of a family Foundation during his lifetime, while his three children sit on the Council to gain governance experience. The object includes a modest philanthropic component (a scholarship fund) alongside private wealth planning.

Because the object is partly charitable, a Guardian is mandatory under Article 23(1) — typically a trusted independent professional, since the patriarch cannot also be Guardian if he sits on the Council (Article 22(6)). The Charter reserves to the patriarch, in full and by name, the power to amend the Charter and By-laws and to remove or appoint Council members during his lifetime (Article 26(2)), automatically lapsing on his death, at which point the Guardian's oversight role becomes the primary check on the next-generation Council — giving the family a built-in, self-executing succession mechanism without needing to touch the constitutional documents when control passes.

03 Property of a Foundation

Part 4 of the Law — Articles 27 to 31

The initial capital endowed on establishment may comprise any property, whether contributed by gift or for value, and neither the Founder nor a later Contributor acquires any interest in the Foundation merely by making the contribution (Article 27). The Foundation's property consists of its initial capital, any further property accepted by the Council, investment proceeds, and any other property properly acquired (Article 28).

The By-laws may create categories of “Qualified Recipients” — persons entitled to a fixed or discretionary share of the Foundation’s property or income, whether immediately or on a specified future event, including a default recipient and a charity (Article 29(1)–(2)). A Qualified Recipient has no proprietary interest in the Foundation’s assets, only a contractual-style right to payment under the By-laws; if a payment properly due is not made, the recipient may apply to the Court, but must generally do so within three years of becoming aware of the entitlement (extended, for a recipient under 18, until three years after they turn 18) (Article 29(3)–(6)).

A Foundation may also issue depository receipts or similar securities representing rights to payment referable to specific property, without transferring ownership of the underlying asset — the Foundation retains full title and any voting rights attached to the underlying property unless the terms of the securities say otherwise (Article 30). The By-laws may in turn restrict to whom a right to payment can be transferred — for example, only to existing holders, Founders, or other Qualified Recipients (Article 31).

PRACTICAL EXAMPLE — Using depository receipts for a graduated wealth transfer

A Founder wishes to give an adult child an economic interest in a specific family asset — say, a commercial property or a stake in an operating company held by the Foundation — without handing over legal control while the child is still building commercial experience.

Rather than distributing the asset outright, the Foundation issues a depository receipt to the child under Article 30, entitling them to the income and eventual proceeds of that specific asset. The Foundation retains legal title, administration and voting rights throughout; the By-laws restrict further transfer of the receipt to other family Qualified Recipients under Article 31, keeping the economic benefit inside the family even if the child later wishes to pass on that interest.

04 Administration - Accounts and Accounting Records

Part 5 of the Law — Articles 32 to 33

A Foundation must conduct its business in the DIFC in accordance with Part 3 of the Operating Law (Article 32). On accounts, Articles 122 to 124 of the Companies Law apply as if the Foundation were a company and its Council members were directors (Article 33(1)). The accounts must be approved by the Council and signed by at least two Council members (Article 33(2)), and within thirty days of approval must either be filed with the Registrar (if there is no Registered Agent) or provided to the Registered Agent (Article 33(3)).

The exposure for getting this wrong is real rather than nominal: failing to keep proper Accounting Records, failing to obtain the required two-signature Council approval, failing to file on time, or making a false or misleading statement in respect of accounts each carry a maximum fine of up to USD 10,000 under Schedule 3 (Article 33(1), (2), (4) and (5)).

PRACTICAL EXAMPLE — Building the 30-day filing discipline into a Registered Agent mandate

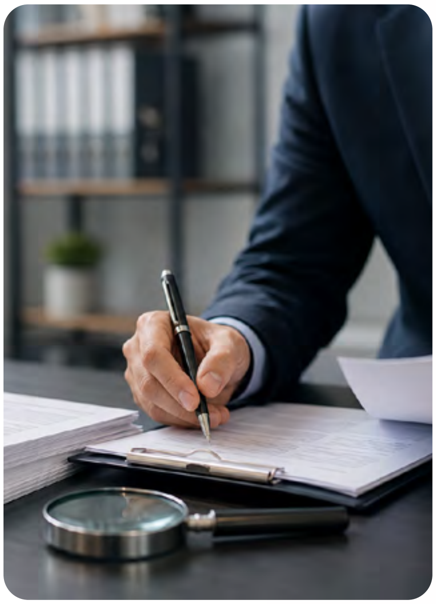
AMADI acts as Registered Agent for a client Foundation whose Council meets only twice a year. To avoid inadvertently breaching the thirty-day window in Article 33(3), the engagement letter and internal file diary calendar the Council's approval meeting date, require confirmation that at least two Council members have signed the accounts before they are treated as "approved" for Article 33(2) purposes, and trigger a file-ready reminder well inside the thirty-day period — turning a statutory deadline that carries a USD 10,000 exposure into a routine compliance-calendar entry.

05 The Registrar and the Public Register

Part 6 of the Law — Articles 34 to 38

The Registrar may delegate elements of AML, UBO and Accounting Records verification to a Registered Agent under an arrangement recorded with the Registrar, and may in good faith rely on the Registered Agent's certification without further enquiry (Article 34(2)–(3)) — which is the practical basis on which a Registered Agent's onboarding and periodic KYC processes operate.

The Register itself is more limited than it might first appear. It records the Foundation's name, registered office, the identity of Founders and Council members and any changes filed — but expressly excludes the nationality and address of any natural person from public inspection, even though the Registrar retains that information internally (Article 35(2)). On payment of the prescribed fee, any member of the public may obtain a certificate confirming a named body's status and basic particulars (Article 35(4)), and a Person with Sufficient Interest may additionally obtain a certified copy of the Charter (Article 35(5)) — but nothing more.



A Document that does not comply with the Law or Regulations, is incomplete, contains a material error, is illegible, or is unaccompanied by the correct fee may be refused by the Registrar, who must state the grounds; the applicant has thirty days to appeal that refusal to the Court (Article 38).

PRACTICAL EXAMPLE — Explaining the confidentiality position to a counterparty bank

A DIFC bank opening an account for a Foundation-owned SPV asks AMADI to confirm publicly who "owns" the Foundation. The correct answer, by reference to Article 35(2), is that the public Register discloses only the Foundation's name, registration details, Registered Agent and registered office — the nationality and address of the Founder and Council members are held by the Registrar but are not on the public Register. The bank's own AML obligations are satisfied instead through the Registered Agent's KYC file under Article 34(2), not through public disclosure — a distinction worth setting out clearly in the account-opening correspondence to avoid the bank over-requesting information the Foundation is not required to disclose publicly.

06 Judicial and Non-Judicial Proceedings

Part 7 of the Law — Articles 39 to 53A

A Foundation is not under continuing judicial supervision unless the Court so orders, and the Court's jurisdiction is only engaged where invoked by a "Person with Sufficient Interest" — a defined term covering the Foundation itself, Founders, Contributors, Council members, the Guardian, the Registered Agent, Qualified Recipients (for specified purposes) and others (Article 39; Schedule 1). Within that framework the Court has a broad toolkit: it may order compliance with the Law, Charter or By-laws (Article 40); amend a Charter or By-laws where the change will help the Foundation attain its objects, or attain objects as close as reasonably possible where the original objects are no longer attainable (Article 41); give directions on the meaning of a provision or the scope of the Council's functions (Article 42); and appoint someone to protect the interests of a Qualified Recipient who cannot act for themselves, such as a minor or an unborn or unascertained beneficiary (Article 43).

Two further powers are worth flagging specifically. Article 47 lets the Court set aside a transfer or disposition of property to a Foundation on grounds of mistake — including a mistake as to the tax or other consequences of the transfer, a mistake of fact, or a mistake of law (including foreign law) — provided the mistake is serious enough to make it just to grant relief. Article 48 gives a parallel remedy where a person exercising a fiduciary power on the Founder's behalf failed to take relevant considerations into account. Both remedies are subject to a strict three-year limitation period running from the relevant transfer or disposition (Article 53A).

Article 50 allows the Council(s) of one or more Foundations to resolve unanimously to divide a single Foundation's property between two or more Foundations, or to amalgamate several Foundations into one, and to apply to the Court to give effect to that restructuring — including establishing new Foundations, appointing their Councils, and dividing property on a pro rata or fair-value basis. Separately, Articles 51–52 allow a Foundation's Charter or By-laws to mandate that disputes and "Administration Questions" be resolved by arbitration rather than through the DIFC Courts, with the arbitral tribunal given the same powers as the Court in relation to the Foundation's administration.

Finally, Article 53 gives a Person with Sufficient Interest a right to request information about the Foundation's finances, property, administration and pursuit of its objects — but that right yields to an express restriction in the Charter or By-laws, unless the Court orders disclosure because it is necessary to assess whether the Foundation, its Council or its property are being properly administered.

PRACTICAL EXAMPLE - Unwinding a disposition made under a tax mistake

A Founder transfers a portfolio of foreign shares into a Foundation on the understanding that the transfer will be tax-neutral, only to discover that, under the law of the shares' home jurisdiction, the transfer in fact crystallises an unanticipated capital gains liability that defeats the commercial purpose of the restructuring.

Provided the Court application is made within three years of the transfer (Article 53A), Article 47 allows the Founder to apply to have the disposition declared voidable on the ground of mistake as to its consequences — avoiding the far more disruptive alternative of unwinding the Foundation's constitution altogether, and confirming why the limitation clock in Article 53A should be diarised the moment any disposition is identified as potentially defective.

PRACTICAL EXAMPLE - Keeping a governance dispute out of open court

Two adult children who sit on a family Foundation's Council disagree over an investment decision, and the disagreement escalates to the point where one threatens Court proceedings. Because the Charter contains an arbitration clause drafted under Article 51, that threat is contained: the dispute must be referred to arbitration, which (unlike DIFC Court proceedings) can be conducted privately — protecting the family's financial affairs from becoming a matter of public record, and giving the arbitral tribunal the same directive powers the Court would otherwise have exercised under Article 52.

07 Continuation, Migration and Recognised Foreign Foundations

Part 8 of the Law — Articles 54 to 66D

The Law provides several routes for changing a structure's "home" without disturbing its underlying property or liabilities. A Foreign Foundation may apply to continue into the DIFC, becoming a DIFC Foundation from the date of the certificate of continuance, with its foreign Charter effectively becoming its DIFC Charter (Articles 54–56); on continuance, its property, obligations, pending proceedings and existing judgments all carry across intact (Article 57). The reverse migration — a DIFC Foundation leaving to continue in another jurisdiction — is equally available, subject to the Registrar being satisfied the move will not prejudice creditors, and provided the destination jurisdiction's law preserves continuity of property and obligations in the same way (Articles 59–61).

A Foreign Foundation that does not wish to redomicile fully may instead apply to be recognised as a "Recognised Foreign Foundation" simply in order to conduct operations within the DIFC, which requires appointing a Registered Agent and maintaining a DIFC registered office, and — as with a DIFC-established Foundation — prohibits commercial activity beyond what is ancillary to its objects (Article 62).

Two further conversions bridge Foundations and companies. An existing DIFC private company may, by unanimous shareholder resolution, convert into a DIFC Foundation, with its Articles of Association effectively replaced by a Charter of Continuance (Articles 63–66); and conversely, an existing DIFC Foundation may, by unanimous Council resolution (where its Charter and By-laws permit it), convert into a DIFC company, with Qualified Recipients becoming shareholders in proportions fixed by the Articles of Continuation (Articles 66A–66D). In both directions, property, liabilities, causes of action and pending proceedings carry across without a break in continuity.

PRACTICAL EXAMPLE — Consolidating a Pan-African holding structure under one common-law umbrella

A family with an existing offshore foundation-equivalent vehicle wishes to bring its governance closer to its operational base in Dubai and its underlying African operating businesses, without a disruptive asset-by-asset transfer that would trigger fresh stamp duty, change-of-control consents, and re-registration of share transfers across several African jurisdictions.

Article 54 allows the existing structure to apply for continuance into the DIFC: its property, its outstanding contracts, and any pending claims by or against it all carry across intact under Article 57, and its existing constitutional documents are simply re-cast as a DIFC-compliant Charter of Continuance under Article 55 — achieving the jurisdictional move as a change of domicile rather than a disposal and re-acquisition of the underlying assets.

08 Dissolution of Foundations

Part 9 of the Law — Articles 67 to 72

A Foundation is dissolved on the expiry of any fixed term, on fulfilment or impossibility of its objects (by unanimous Council resolution), under any dissolution provision in its own Charter or By-laws, by Court order, or by the Registrar striking it off the Register (Article 67(1)). Wherever dissolution occurs other than by Court order or Registrar strike-off, the Council (or whoever the Charter or By-laws designates) must wind up the Foundation's affairs, discharge its obligations, and distribute what remains in accordance with Article 69 (Article 67(2)).

The Court may separately order dissolution where the Foundation is insolvent, where it is just and equitable to do so, or where its continued registration is prejudicial to the interests of the DIFC — the last ground being available only to the DIFCA itself (Article 68). On dissolution, any remaining property passes to whoever the Charter or By-laws designate as entitled to it; failing such a provision (or if that person declines to accept the property), it vests in the DIFCA (Article 69). Insolvent winding-up otherwise follows the same creditor-priority rules as apply to insolvent companies under the Insolvency Law (Article 70).

The Registrar may also strike a Foundation off administratively — for contravening the Law or Regulations, or where continued registration is prejudicial to the DIFC — on three months' notice, and the Foundation is then dissolved unless sufficient cause is shown; a struck-off Foundation may apply for reinstatement at any point up to six years after removal (Article 71). Every dissolution is published on the DIFC website (Article 72).

PRACTICAL EXAMPLE - Providing for a clean wind-down of a single-purpose Foundation

A Foundation is established for the sole purpose of holding a specific real estate asset pending an eventual sale, once which its object will have been fulfilled. If the By-laws are silent on what happens to the residual sale proceeds, Article 69(2) means they default to the DIFCA — an outcome no Founder actually intends.

The drafting fix is straightforward: the By-laws should name a specific default recipient for any property remaining once the object has been fulfilled (Article 20(2)(g), Article 69(1)), so that on the Council's unanimous resolution that the object is fulfilled (Article 67(1)(b)), the wind-down proceeds directly to the intended beneficiary rather than triggering an unintended escheat to the Authority.

Practical Compliance Checklist

The following recurring obligations are the ones most likely to be missed in the ordinary course of administering a DIFC Foundation, and the ones a Registered Agent's compliance calendar should be built around:

- File any amended Charter with the Registrar within 30 days of the amendment being adopted internally (Article 19(8)).
- Notify the Registered Agent (or Registrar, if none) of any change to the By-laws within 30 days (Article 20(6)).
- Notify the Registrar of any change in Council membership within 30 days (Article 22(11)).
- Notify the Registrar of any change of Guardian within 30 days (Article 23(14)).
- Notify the Registrar of any change of Registered Agent within 30 days (Article 24(4)).
- Ensure Council approval of annual accounts is evidenced by the signatures of at least two Council members (Article 33(2)).
- File approved accounts with the Registrar, or deliver them to the Registered Agent, within 30 days of Council approval (Article 33(3)).
- Diarise the three-year limitation period from any disposition that may later be challenged for mistake (Articles 47–49, 53A).
- Confirm, before relying on any reserved Founder power, that it is set out in full in the Charter and remains within its statutory time limit — the Founder's lifetime, or 50 years for a corporate Founder (Article 26(2)).
- Where the object includes any charitable or specified non-charitable element, confirm a Guardian is validly appointed and is not also a Council member (Articles 22(6), 23(1), 23(6)).

CEO Succession Planning and the Board

By CS Ramchander Tumuluru
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Introduction

CEO succession planning is a very importantrole of the Board of Directors.

A CEO is key to a business driving corporate performance and strategy building and vision and mission, resilience, sustainability, continuity, employee motivation, long term business success, investor relationships often as the face of the company , amidst technology advancement , regulation, shareholder activism, competition ,volatile geopolitical environment.

A wrong selection adversely impacts the business significantly in terms of financial, stock market and business performance and jeopardizes or weaken its future sometimes a slide which can take years to recover. Immediate course correction may not be easy and CEO turnover has its own negatives.

Poor succession planning is a significant governance failure impacting market, employee turnover and competitive position . Companies with abrupt, unplanned CEO departures often experience immediate share price impact etc. while those with transparent, robust succession plans have better long terms stability

CEO role complexity has been increasing . Expectations not only include operational excellence, strategic vision, crisis management, complex stakeholder navigation but also ESG, digital fluency, AI , keeping pace and ahead of technology in uncertainty and volatility.

CEO turnover

CEO turnover is the rate CEOs leave and join. Itreflects on the economy health , business confidence, market buoyancy and also governance. It reflects risk appetite but may also indicate stability.

With the cost, effort and time taken to appoint CEO, higher CEO turnover is a concern although increased investor performance expectations and lower patience sometimes limited to quarterly earnings can be a cause. Tenures hover around 3 – 5-year period especially in crisis management, restructuring or turnaround although there are exceptions. Replacements maybe need due to resignation, death, removal, performance or mergers or stepping down or any other reasons (including the 'MeToo' movement). During COVID-19, companies, where CEOs met sudden deaths, were perplexed about the future. They were not able to cope with the sudden demise of the CEO.

CEO Turnover Index, hit an eight-year high in 2025, when 234 CEOs exited their roles globally. Despite this, many Baords lack the proactive planning processes these transition trends demand (2)

Key findings in a recent study in India of BSE companies

- Roughly one in six BSE 200 companies named new CEOs in 2025, more than double 2024 transitions and the most since 2020.
- In about half of the 33 transitions, the predecessor CEO stepped down within three years of starting.
- Two-thirds of incoming CEOs in 2025 were promoted from within their organizations.
- 25% of CEOs have prior public-company CEO experience.
- While some CEOs considerably outperform the market in their first year, most see a significant decline in their second or third year, similar to a trend seen among U.S. companies.

Gender Diversity

In 2025, women accounted for 19 CEO appointments globally (9% of all appointments) although the % were higher in the EU than the US .Only 6% of CEO appointments since 2020 have been women. Spencer Stuart's global research (8) with 2,000 women leaders highlighted a persistent challenge: too few women receive early opportunities to lead P&L portfolios.

In India only 5% of CEO roles are held by women. Due to regulation on women Directors approx. 21 % of Board positions (Prime Infobase report) . Women are reported to be 23% of the corporate workforce.

There needs to be a planned increase and support of women in general management areas from early mid-career to improve this .

Board's role

One of the most important responsibility of the Board is CEO succession planning.

In one study , only 43% of board directors report their organizations lack formal CEO succession plans. Among boards with plans in place, only 44% of directors express confidence their process will identify an effective candidate.(2)

Only 50% of SEC-registered companies reported that their boards review the CEO succession plan on an annual basis(Conference Board's 2019 CEO Succession Practices report)

Board's role does not end on appointment but is continuous interaction, support, guidance and building trust while maintain oversight, superintendence, guidance and control.

Sustainability Skills

In recent research with 3,800 leaders from around the world, 76% of senior executives said their CEO is personally committed to supporting and advancing sustainability, up from 51% two years ago.(1)

Succession Planning

A recent publication from PwC's Governance Insights Center discusses leading board practices in CEO succession planning.

Clearly define ownership and accountability for the process.
Many boards design the compensation committee or nominating/governance committee to lead succession work, while others establish an ad hoc committee for periods of transition. Regardless of the structure, boards should be explicit about ownership and accountability.

Succession Planning broadly involves:

- a crisp set of criteria current and future need - profile with continuous refinement
- a well-defined process
- involvement of the entire board in the final decision
- references and background
- immediate needs with long-term strategy leadership development
- Board must own this process completely, treating it as an ongoing governance and meeting itself or as a committee at least one or twice a year
- proactive, robust succession plan
- search, training, mentorship and monitoring that will provide you with a sustainable pipeline of leadership prospects business phase (growth, structuring, turnaround, consolidation etc.)
- Cultural fit
- Industry knowledge
- leadership assessment processes for internal candidates
- Search consultants and headhunters of potential candidates and packages
- Listed company experience
- P&L leadership – proven track record
- Age and experience .
- A blend of Hunger in the belly or a retired general who has earned his stripes

Family-owned businesses

Family own businesses may avoid discussions on CEO replacement as it is delicate to the current incumbent or even mention any sudden event in the family . A family member may not always be inclined to take over running the business and pursue his own interests. Early initiation of the succession planning is essential irrespective of circumstance or timing .Even governance and other public listing needs may make families move toward professionalizing management .

A family business with a professional CEO can bring strong complementary benefits.

Internal Candidates

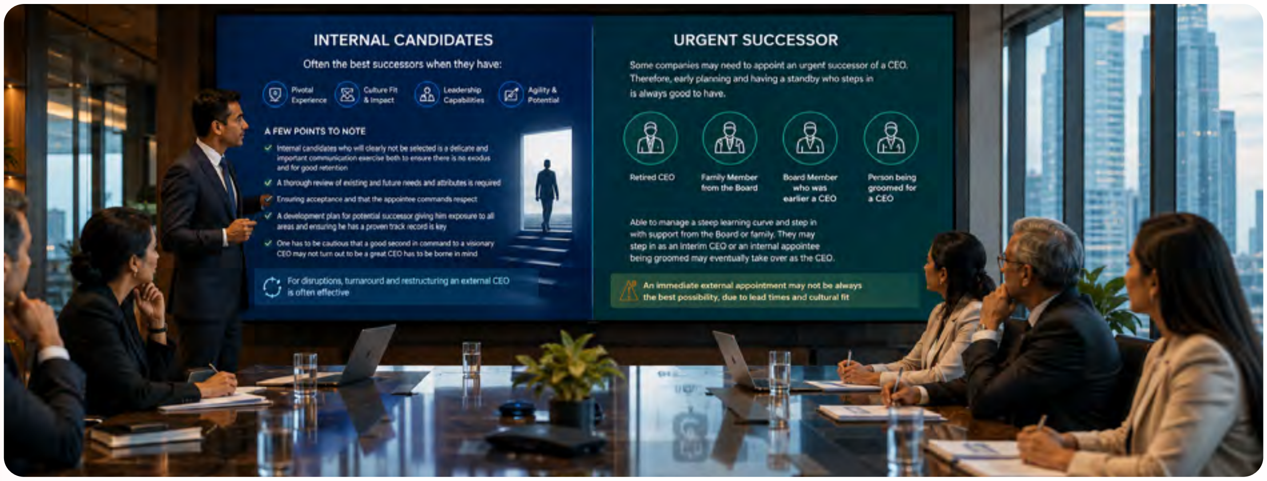
Internal Candidates are often the best successors when they have pivotal experience culture fit and impact, leadership capabilities, and agility and potential.

A few points to note

- internal candidates who will clearly not be selected is a delicate and important communication exercise both to ensure there is no exodus and for good retention
- a thorough review of existing and future needs and attributes is required
- ensuring acceptance and that the appointee commands respect
- a development plan for potential successor giving him exposure to all areas and ensuring he has a proven track record is key
- one has to be cautious that a god second in command to a visionary CEO may not turn out to be a great CEO has to be borne in mind
- for disruptions, turnaround and restructuring an external CEO is often effective

Urgent Successor

Some companies may need to appoint an urgent successor of a CEO . Therefore, early planning and having a standby who steps in is always good to have – a retired CEO, a family member from the Board, a Board member who was earlier a CEO or even a person being groomed for a CEO able to manage a steep learning curve and step in with support from the Board or family. They may step in as an Interim CEO or an internal appointee being groomed may eventually take over as the CEO. An immediate external appointment may not be always the best possibility, due to lead times and cultural fit.



Succession Planning in India / USA / Middle East

Succession planning and execution is one of the vital board agenda for corporates and banks as the CEOs have lost jobs sometimes be performance or other issues and this has an impact on business, employee morale, strategy and impacts results including stock markets.

- Citibank, McDonalds, Infosys,have all been in the news in the past for various challenges in succession planning .
- Tata Group formalized a process under Rata Tata to have effective succession planning across industry sectors in which they were present
- In 2009, the Securities and Exchange Commission provided shareholders the right to demand more transparency in CEO succession planning.

In US Companies where more than 60 percent of US Companies discuss issue of succession planning at least once in the year and 80 percent companies have succession plans ready in case of emergency. In India, mostly corporates are family owned. Institutional Investors or bank representatives often push for a clear succession plan .

According to Lombard Odier's GCC Succession Planning Survey (reported in Financemiddleeast Sep 2025) – less than one in five family businesses have a comprehensive succession plan

But things are improving and Boards do try to have an agenda over this formal or informal and in case of families some planning by the patriarch with their trusted advisors

Conclusion and Opportunities and Role of Company Secretary

CEO succession planning is a collaborative continuous and proactive process involving building profiles to meet present and future needs . A strong involved Board, family and key shareholder support, good governance and external advisors monitoring and evaluation and contingency planning helps. The CEO himself needs to groom potential successors in the business. Disruption, Turnaround and Restructuring often need an external CEO.

By following a well-structured succession planning process, organizations can ensure a smooth transition of leadership, maintain business continuity, and position themselves for long-term success.

CEO succession is a Board role. While company secretaries may not be aware or involved , based on their experience, stature, influence and close interaction with Board and especially if they also hold other responsibilities such as CFO or CHRO or even as Board Member, can help in the structure / process, at the Board request and help in onboarding later.

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VAPT in the VARA Era: What Virtual Asset Businesses Need to Get Right

By Nadeem Manier
Partner, Baker Tilly

Dubai has moved quickly to establish itself as a serious global player in the virtual assets space, and VARA has played a big role in that. The regulatory framework is clear, structured, and importantly puts a strong emphasis on governance and control.

One thing that stands out is this: cybersecurity is no longer optional, and it's not something that can sit only with IT.

For virtual asset businesses, VAPT (Vulnerability Assessment and Penetration Testing) is becoming one of the most important tools, not just for compliance, but for protecting the business itself.

Why VAPT matters more in virtual assets?

If you look at the nature of virtual asset businesses, the risk is fundamentally different from traditional environments:

- Transactions are fast and often irreversible
- Assets are digital and directly exposed
- Platforms are always online (exchanges, wallets, APIs)
- Attackers are highly motivated and increasingly sophisticated

In many cases, a single vulnerability isn't just a technical issue, it can mean immediate financial loss, reputational damage, and regulatory consequences all at once.

That's exactly why VARA has placed such strong expectations around security testing, monitoring, and resilience.

What VARA is really expecting?

From what we're seeing, VARA's expectations go well beyond a basic compliance exercise. It's not just about "doing a VAPT."

- They are looking for organizations to demonstrate that they have:
- A structured and ongoing approach to identifying risks
- Proper security testing across critical systems
- Clear ownership and remediation of vulnerabilities
- The ability to respond to and manage incidents effectively

In that context, VAPT becomes a core part of your control environment, not just a periodic report.

Where are many VASPs still falling short?

- Even where VAPT is being done, there are some common gaps:
- Testing is too generic, not tailored to crypto or blockchain environments
- Scope is limited, for example, excluding smart contracts or wallet infrastructure
- It's treated as a point-in-time activity, rather than something continuous
- Findings are not fully linked to business or regulatory risk
- Remediation is slow or not clearly owned

These gaps are exactly where both security risk and VARA scrutiny start to increase.

What a good VAPT approach looks like in practice?

For virtual asset firms, the approach needs to be a bit more practical and targeted.

01 Think beyond traditional infrastructure

Yes, networks and applications matter but, in this space, you also need to look at:

- Wallet architecture (hot and cold)
- Key management processes
- APIs and integrations
- Smart contracts
- Nodes and blockchain interactions

If these areas are not tested properly, you're missing the real risk.

02 Move towards continuous testing

Given how quickly platforms evolve, annual testing is simply not enough. VAPT should be triggered by real changes, such as:

- New product launches
- Smart contract deployments
- Platform upgrades
- Integration of new third parties

This is much more aligned with how VARA expects firms to manage risk.

03 Prioritise what actually matters

Not all vulnerabilities are equal. The focus should be on:

- Exposure of client assets
- Access to critical systems
- Potential financial impact
- Regulatory implications

This helps leadership focus on what needs fixing first, instead of getting lost in technical detail.

04 Link it clearly to VARA compliance

One of the biggest missed opportunities is not connecting VAPT findings back to regulatory expectations. A stronger approach is to:

- Map findings to VARA control requirements
- Feed outputs into internal risk reporting
- Use VAPT results to support audit readiness

This makes the exercise much more meaningful and useful during regulatory interactions.

This is not just about compliance anymore. The more mature firms are starting to see VAPT differently. They are using it to:

- Build confidence with investors and partners
- Strengthen internal governance
- Reduce the likelihood of high-impact incidents
- Demonstrate seriousness to regulators like VARA

In this market, trust is everything and security is a big part of that trust.

How we support in this space?

From our side, the focus is quite simple: make VAPT practical, relevant, and aligned to both the business and VARA expectations.

That includes:

- Tailoring testing to virtual asset environments (not generic IT setups)
- Covering areas like wallets, APIs, and smart contracts
- Translating technical findings into clear business and regulatory impact
- Supporting teams with remediation and ongoing improvement

VARA has set a clear direction: security, control, and accountability are non-negotiable. For virtual asset businesses, the question is no longer whether VAPT is required it clearly is.

The real question is:
Are you using it just to meet expectations, or to genuinely reduce risk and strengthen your business?

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