
CHAMBERS GLOBAL PRACTICE GUIDES

Healthcare M&A 2025

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United Arab Emirates: Law and Practice & Trends and Developments

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UNITED ARAB EMIRATES

Law and Practice

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1. Market Trends

1.1 Healthcare M&A Market

In recent years, the UAE government has been looking to diversify the country's economy (which historically has depended on, and still to date depends, heavily on oil and gas) and is turning to sectors such as healthcare, resulting in significant growth in healthcare M&A in the UAE. The healthcare sector is benefitting from favourable policies focused on building leading healthcare infrastructure and medical tourism and development of healthcare products, technologies and services. The UAE is currently home to over 150 hospitals and has more than 5,000 healthcare facilities. The Emirates of Abu Dhabi and Dubai have, in particular, led the way with flagship healthcare developments and transformative technology deployments.

UAE-sovereign wealth funds and government-affiliated entities, such as Mubadala and ADQ, continue to focus on healthcare M&A in both domestic and outbound healthcare investments, in line with government initiatives. Global inflationary trends and declining financial markets have resulted in an influx of investors to the GCC region as they look to diversify their investments and expand into new jurisdictions. The UAE's facilitative business environment makes it an attractive destination for foreign direct investment. These factors have resulted in an overall increase in the volume of M&A activity, and there continues to be a significant share of deal activity in the healthcare space, with buyers focusing on often niche, use-case specific and sometimes unconventional targets.

The diversity of targets and buyers in the healthcare sector has led to significant variation in deal valuations. An acquisitive buyer may look to strengthen its portfolio with both strategic, high-

value transactions and the acquisition of smaller, start-up or early-stage healthcare businesses to fill perceived platform gaps.

1.2 Key Trends

In the past year, the market has focused on healthcare technology (healthtech), eg, telehealth and health tracking and management, as opposed to traditional brick-and-mortar healthcare service providers. Buyers, including institutional and government-affiliated companies, are looking to expand their digital service offerings in the healthcare space by acquiring start-ups with the relevant technology expertise, and view such transactions as an opportunity to “acquire-hire” and address a lack of specialised talent in the healthtech space by retaining key software developers as part of the business. Healthcare transactions with an intellectual property focus are increasingly common, with buyers looking to acquire existing brands and technology to kick-start their digital offering.

Healthcare sector trends in the UAE include the following.

- Expansion and sophistication in the use of health data – for example, the 2019 roll-out of “*Malaffi*”, the GCC's first health data exchange platform and more recently the introduction of healthcare data regulations such as ADHICS and the DHA Policy (as further discussed in **9.2 Data Privacy**).
- AI-assisted care and diagnosis – driven by the UAE's “*Think AI*” initiative, with its goal of accelerating implementation of AI in sectors across the UAE, including healthcare.
- Focus on preventative medicine, enhanced screening and early detection – expansion of both state and private sector research and development, with a focus on a personalised approach to patient care.

2. Establishing a New Company

2.1 Establishing a New Company

Background

With the introduction of regulations in the UAE in 2021 allowing 100% foreign ownership of onshore companies (for various sectors including the healthcare industry, as further detailed in **7.3 Restrictions on Foreign Investments**) and development of sophisticated regulatory frameworks in different free zones, the UAE has become a very attractive jurisdiction for start-up companies looking to establish a presence in the GCC. When incorporating in the UAE, start-ups have the option of setting up an entity onshore or in a free zone, and have various entity types to choose from, as further explained in **2.2 Type of Entity**.

Free Zones

There is a growing trend of investors establishing operations through the UAE's financial free zones, Abu Dhabi Global Market (ADGM) and Dubai International Financial Centre (DIFC). This is owing to their flexible business environment and streamlined, user-friendly processes. Both the ADGM and DIFC operate under regulatory frameworks grounded in well-established English common law principles, providing greater certainty to investors regarding the enforceability of shareholder arrangements. Please also see **2.6 Change of Corporate Form or Migration**.

Timeframes for Incorporation

The incorporation process within UAE free zones is generally more streamlined than onshore UAE, typically taking around two to three weeks. In contrast, onshore incorporation can be more document-heavy and time-consuming, often taking between four to 12 weeks. The timeline for incorporation may vary depending on the nature of the proposed business activities, for

example, the process will likely be extended if the activities require additional approvals from governmental authorities.

Minimum Capital Requirements

There is generally no minimum capital required for establishing a limited liability company in the UAE (both onshore and in most free zones). However, minimum capital thresholds do apply for the incorporation of private or public joint stock companies onshore. Separately, initial capital requirements may apply for specific business activities or certain free zones as additional regulatory requirements. For example, Dubai Healthcare City (DHCC), a free zone dedicated to the healthcare sector, imposes minimum capital requirements which vary depending on the type of healthcare activity.

2.2 Type of Entity

Considerations as to Jurisdictions

The UAE offers a unique business landscape with over 40 free zones, each catering to specific industries and governed by their own set of regulations; by way of example, DHCC has robust healthcare regulations whereas financial free zones, DIFC and ADGM, have more comprehensive financial regulations. As a result, certain business activities can be carried out more easily in certain jurisdictions within the UAE. In addition, free zone companies are prohibited from carrying out operations onshore in the UAE unless they establish a presence onshore, usually through a branch or subsidiary (in which case, their onshore operations may still be limited). Considering the way in which the jurisdiction of incorporation of an entity (whether onshore in the UAE or in one of the UAE's free zones) plays into the business activities carried out by an entity, it is crucial to first consider jurisdiction before selecting the specific entity types.

Considerations as to Entity Type

An onshore limited liability company or equivalent free zone private company limited by shares is the most widely used and, in most cases, the most suitable type of entity to run a business. Having said that, certain investors carrying out capital intensive projects may choose to incorporate a private joint stock company (which has features similar to a limited liability company but with an AED5 million minimum capital requirement) as traditionally it is considered more financeable.

There are passive special purpose investment vehicles also available in the ADGM and DIFC. Such entities have various advantages including an ability to ring-fence risk and have investor-friendly structures with streamlined corporate processes.

2.3 Early-Stage Financing

As with many developed jurisdictions, early-stage financing originates from a variety of sources including angel investors, venture capital firms, high net worth individuals (family offices) and incubator and accelerator programmes. The UAE government also offers grants through initiatives aimed at supporting innovation and entrepreneurship; for example, the UAE government manages the Ma'an social investment fund, which has health as one of its focus areas. Typical early-stage financing documents include SAFE instruments, subscription and share purchase agreements and shareholders' agreements.

2.4 Venture Capital Sources of VC

Venture capital (VC) within the UAE typically comes from domestic private investors, state-backed funds, and more recently, international VC firms. Private investment firms in the local

context, sovereign wealth funds and family offices are also significant contributors, especially during early and growth stages.

Domestic VC Sources

Domestically grown VC is relatively easy to obtain for start-ups, particularly those in strategic sectors such as fintech, healthtech, and sustainability. Government-backed entities such as Mubadala's venture arm, the Dubai Future District Fund, and Abu Dhabi Catalyst Partners, lead the way by co-investing alongside private capital or taking the lead in funding rounds.

Foreign VC Sources

Foreign VC investors are increasingly prevalent in the UAE, with investors from the USA, Europe and Asia being most prominent. A number of foreign VC investors have established local joint ventures or regional offices to tap into the MENA market. The foreign ownership liberalisation regime, strong infrastructure in free zones, and investor-friendly regulations continue to attract international capital.

2.5 Venture Capital Documentation

In the UAE and wider GCC region, documentation used in VC transactions is more standardised than is generally expected for UAE transactional documentation. This is particularly the case for transactions involving international or institutional investors.

Market practice in the UAE typically follows international norms especially US- and UK-style investment arrangements. Term sheets, share subscription agreements, and shareholders' agreements tend to be written in very similar form to equivalent documents in more mature VC markets. Key terms such as liquidation preferences, anti-dilution rights, and drag/tag-along provisions are often included in UAE VC docu-

mentation and are familiar to local counsel and investors.

In the ADGM and DIFC, free zones governed by common law, documentation is even more closely aligned with international standards and more mature VC markets. There is no single template used across the region by international VC investors, however, they generally import their preferred forms, which are then customised to meet local regulatory and legal needs. This has resulted in greater uniformity in deal documentation, especially in higher value or cross-border transactions.

2.6 Change of Corporate Form or Migration

As start-ups in the UAE grow and seek larger funding rounds or regional expansion, many are advised to restructure their corporate form or jurisdiction. While some begin as mainland or smaller, less reputable free zone entities for ease and cost-effectiveness, it is common to transition to more investor-friendly jurisdictions like the ADGM or DIFC to accommodate international VC expectations.

In parallel, there is a growing trend of start-ups shifting operations or establishing a dual presence in KSA. This is driven by KSA's large market potential, proactive government support for tech and innovation, and access to deep capital pools from funds like STV, Jada, and the Public Investment Fund. KSA's Vision 2030 has also made it more attractive to relocate or expand there, particularly for companies in fintech, e-commerce and healthtech.

As a result, start-ups often adopt a regional structure - maintaining a holding entity in an investor-friendly jurisdiction (eg, ADGM or another free zone), while building a significant

operational footprint in KSA to tap into growth opportunities and local funding. This approach balances legal efficiency with commercial scalability across the GCC region.

3. IPO as a Liquidity Event

3.1 IPO v Sale

The UAE has seen a considerable increase in IPO activity in recent years and this positive trend is expected to continue, which could signify a broader acceptance of IPOs as a means of achieving liquidity. However, despite the growing IPO market, many investors in healthcare start-ups would still consider a sale as the primary pathway to liquidity. In the UAE, not unlike other jurisdictions, many start-ups (particularly those specialising in niche areas) may see an acquisition by a larger healthcare provider or a private equity firm as a more appealing route to liquidity.

While simultaneous consideration of a sale and an IPO may be common in more mature markets, there has not been a clear trend or ongoing discussions among investors or companies regarding preparing for both an IPO and a sale simultaneously or deciding between them at the outset.

3.2 Choice of Listing

There has been positive IPO activity across the GCC region, including UAE companies listing on home exchanges, ie, Abu Dhabi Securities Exchange (ADX) or Dubai Financial Market (DFM).

Listing on a home exchange can be beneficial due to access to local investors and the company being more familiar with the regulator in its primary market. Additionally, the UAE government is demonstrating significant commitment

to growing the market value of publicly listed companies with a view to attracting both domestic and foreign investments.

3.3 Impact of the Choice of Listing on Future M&A Transactions

Choosing to list on a foreign exchange could affect the feasibility of a future sale of a company. For example, in the UAE, regulations of the Securities and Commodities Authority (SCA) allow for the squeeze-out of minority shareholders when an acquirer reaches the 90% plus one share ownership threshold. However, the applicability of such mechanisms may differ if the company is listed on a foreign exchange, as this would likely be governed by the rules of that exchange and the laws of that jurisdiction.

Additionally, the application of foreign regulatory frameworks and listing rules, along with the absence of built-in mechanisms to ensure compliance with UAE-specific requirements, can lead to conflict and potentially to non-compliance with UAE regulations. This may force a buyer to undertake a restructuring of the company, to unwind non-compliant foreign ownership, or to pursue a delisting from the foreign exchange followed by relisting in the UAE. All of this adds significant complexity and can slow down the sale.

4. Sale as a Liquidity Event

4.1 Liquidity Event: Sale Process

Ultimately, the choice between running a liquidity event as an auction or a bilateral negotiation will be made on a case-by-case basis, subject to the preference of the target and interested parties. The auction process can be a suitable option to maximise value in the target and increase competitive tension where a target is operating

in a niche area, with multiple interested buyers. The authors' observation is that within the UAE, it is more common for start-ups and SMEs to approach and negotiate with strategic buyers, allowing for a quicker exit and facilitating closer alignment in the case of joint ventures.

4.2 Liquidity Event: Transaction Structure

The structuring of a sale of a privately owned healthcare company in the UAE will depend on various commercial factors such as the nature of the business, its assets and existing liabilities. To simplify the process of ensuring that all material assets and operations are included in the acquisition, the preference in the UAE, particularly with institutional clients and governmental entities who are the main drivers of healthcare M&A activity in the UAE, is to acquire either the entire issued share capital or a significant majority stake in healthcare targets. VC investors are usually bought out but there is an expectation that founders (with technical capabilities and experience running the business) are retained with "*skin in the game*" either by remaining as minority shareholders or through structuring of earn-out provisions (or a combination of both), subject to buyout rights that can be exercised in the future.

4.3 Liquidity Event: Form of Consideration

In recent years, healthcare M&A transactions in the UAE have typically been structured as a sale of shares in return for cash consideration. However, the UAE is starting to see an increase in consideration-in-kind payments, for example share swaps in a new joint venture structure or a mixture of cash and share swaps where founders and/or key management are being retained and therefore expected to roll over their investment.

4.4 Liquidity Event: Certain Transaction Terms

Founders and VC investors are both typically expected to give fundamental warranties relating to title and capacity in a company sale. However, VC investors that have not been involved in the operations of a target business are typically reluctant to stand behind other business warranties, given the limited day-to-day knowledge of the business and the fact that they are obligated to return investments to their own investors, and therefore have limited ability to retain consideration received to satisfy warranty claims.

It is not uncommon in the UAE for a portion of the purchase price to be placed in an escrow or held back for a period of time following the closing of the transaction. However, the authors have observed that for mid to high value transactions, it is becoming increasingly common in the UAE for W&I insurance to be utilised to bridge the gap in relation to warranty and liability cap expectations and facilitate a clean exit for sellers (including VC investors).

5. Spin-Offs

5.1 Spin-Off Trends

Spin-offs are not uncommon in the UAE with a view to segregating ancillary business lines, ring-fencing risk and maximising shareholder value. In the healthcare industry, recent notable transactions include the separation of Aster DM Healthcare GCC and India business into separate entities with the GCC arm headquartered in Dubai.

However, the current trend in respect of large institutional clients and government-affiliated entities appears to be consolidation of resources and expansion of healthcare offerings. There

have been a number of notable restructurings and mergers in the healthcare sector, such as:

- the merger of G42 and Mubadala's healthcare assets to form M42, a tech-enabled healthcare service and solutions company; and
- the consolidation of ADQ's portfolio healthcare companies into its subsidiary PureHealth.

5.2 Tax Consequences

Under the recently introduced UAE corporate tax regime (Federal Decree-Law No 47 of 2022), certain business restructurings, including spin-offs, may qualify for a tax relief and/or tax-neutral treatment. If a business transfers all or part of its operations to another company in exchange for shares or ownership interests, the transaction can potentially be treated as tax-free by using the net book value of assets and liabilities at the time of transfer. However, this tax relief is subject to conditions and may be clawed back in certain circumstances, including if the spun-off assets are sold to a third party within two years.

5.3 Spin-Off Followed by a Business Combination

There are generally no specific restrictions upon a business combination taking place following a spin-off. However, as noted in **5.2 Tax Consequences**, from a tax perspective, if the spun-off assets/business are transferred to a third party within two years of the initial spin-off, the original tax relief may be reversed.

5.4 Timing and Tax Authority Rulings

The timing for a spin-off varies depending on several factors including complexity of transactions and industry specific regulations. Eligibility and application for tax relief can also impact the timing of completion.

Aside from applying for tax relief, a company does not need to obtain a formal ruling from the Federal Tax Authority to conduct a spin-off exercise. However, under the Commercial Companies Law, the board of directors must obtain a no objection certificate from the Ministry of Economy or the SCA in order to carry out a spin-off, depending on which authority has jurisdiction. This no-objection certificate relates to the proposed method of division and the draft division plan, in particular, the allocation of assets and liabilities among the resulting companies along with the hypothetical financial statements for each resulting company based on their respective assets, liabilities, property rights, revenues and activity-related expenses.

6. Acquisitions of Listed Healthcare Companies

6.1 Stakebuilding

There is no prohibition on stakebuilding prior to making an acquisition offer, however, bidders will need to assess the benefits of a stakebuilding exercise against disclosure obligations.

ADX and DFM rules require shareholders to immediately make a disclosure if they acquire a stake of 5% in a listed company and subsequently for every 1% increase in shareholding. There is also an obligation to disclose when a person acquires a stake of 10% in the parent, subsidiary, or affiliate of a listed company and subsequently for every 1% increase in shareholding. These disclosure obligations may result in the market being notified of a potential acquisition and trigger the obligation to announce an intent for the potential acquisition (as discussed further in **10.1 Making a Bid Public**). Once an announcement of intent is made, a bidder will be required to submit an application to the SCA to

make a firm offer within a specified time period, failing which, it shall be subject to a six-month standstill during which time it cannot acquire shares in the target company.

Compared to jurisdictions with more developed capital markets regulations, the UAE Takeover Code (Resolution No (18/RM) of 2017) does not clearly specify the information that must be included in the offer documentation and the SCA typically assesses offer documents on a case-by-case basis. The offer document will however usually include information about the bidder's business and financial position, rationale for the bid, planned major changes of the target company's business, overview of the proposed transaction and conditions, and risk analysis and valuation statements.

6.2 Mandatory Offer

The mandatory offer threshold in the UAE is 30% (plus one share). Upon exceeding this threshold, the acquirer must make a mandatory tender offer, cease any further increase in their ownership, and inform the SCA of their acquisition.

6.3 Transaction Structures

Tender offers and statutory mergers are common transaction structures for acquiring a public company in the UAE and were already well-established before the UAE Takeover Code, which set out the rules of mergers and acquisitions for public shareholding companies and established a framework for implementing tender offers. Tender offers may be preferred for their more direct approach to acquisition of a controlling stake from the shareholders.

6.4 Consideration; Minimum Price

There is no applicable information in this jurisdiction.

6.5 Common Conditions for a Takeover Offer/Tender Offer

Common conditions for a takeover offer in the UAE include:

- receipt of necessary regulatory approvals from the SCA and other relevant regulatory authorities;
- provision of information to shareholders;
- dispatch of the offer documents;
- obtaining corporate approval;
- there being no material adverse effect on the target company's business; and
- there being no objection from key stakeholders or primary creditors.

While restrictions on the use of offer conditions in the UAE are not specifically set out by regulators, the requirement for regulatory approvals implies that the SCA would likely have oversight of the conditions of the offer to ensure fairness and protect shareholders.

6.6 Deal Documentation

There is no applicable information in this jurisdiction.

6.7 Minimum Acceptance Conditions

Under the UAE Takeover Code, the minimum acceptance condition for a tender offer to be considered unconditional is 50% plus 1% of the publicly listed company's shares. This threshold is critical as it represents a change of control in the company and bidders often tie, the minimum acceptance condition to this threshold.

6.8 Squeeze-Out Mechanisms

If the bidder obtains 90% (plus one share) of the target's share capital, the squeeze-out procedure will enable the bidder to purchase minority shareholdings.

6.9 Requirement to Have Certain Funds/Financing to Launch a Takeover Offer

Whilst a bidder does not need to submit financial statements to the SCA to launch a takeover offer, there are clear provisions in the UAE Takeover Code which require bidders to have certainty over funds. Certain information will need to be provided to shareholders at the time of announcement of an offer or in the offer document, including:

- confirmation by a financial advisor of the bidder's financial position and that they have the necessary financial resources for the execution of the offer; and
- information required to enable security holders to reach a proper decision to accept or reject an offer.

Financing conditions may therefore be seen as contrary to the UAE Takeover Code and unlikely to be recognised by the SCA.

6.10 Types of Deal Protection Measures

There are no clear restrictions on deal protection measures, and it is not uncommon for bidders to request certain safeguards documented in the initial letter of intent. That said, the UAE Takeover Code has regulations centred around disclosure and transparency that could affect the enforceability of certain deal protection measures. In addition, deal protection measures will eventually need to be documented in the offer document, which is subject to SCA approval.

Typical deal protection measures sought by bidders include termination fees payable by the target company to a bidder (however this is capped at 2% of the value of the terminated offer), a pre-offer exclusivity period to enable a bidder to carry out due diligence with the assurance that the target company will not solicit competing

proposals, and a contractual right for a bidder to match any superior or competing offer.

6.11 Additional Governance Rights

If a takeover offer does not result in full ownership of a target, but triggers the unconditional threshold and proceeds to completion, whereby the bidder holds 50% of the shares in the target plus one share, then the bidder may gain rights to control the board and influence management decisions. If the bidder obtains 75% of the shares, then special resolutions can be passed by the bidder alone. Lastly, if the takeover offer results in the bidder holding over 90% of the shares, the bidder can exercise its squeeze-out rights to subsequently acquire 100% ownership of a target.

6.12 Irrevocable Commitments

Irrevocable commitments are not particularly common in the UAE, however there is no restriction on using them. The UAE Takeover Code places transparency and fairness at the core of its regulations and such arrangements may therefore be seen as against the spirit of the UAE Takeover Code, depending on how they are drafted. In light of this, any irrevocable undertaking will likely need to be disclosed in the offer document submitted to the SCA for review.

6.13 Securities Regulator's or Stock Exchange Process

An acquisition offer needs to be approved by the SCA, which reviews both the offer price and other terms to ensure fairness to shareholders. The SCA takes seven days to either approve or reject the offer. The validity of an offer can be established by the bidder although it is ultimately subject to SCA approval and on the condition that such validity does not exceed 60 days following receipt of SCA approval. Any competing offer must be announced within a specific

timeframe (ie, 53 days of the primary offer) and must have better terms for the shareholder or be recommended by the target. In the event the competing offer is approved by the SCA, the validity of the original offer will be extended in accordance with the validity of the competing offer. Any further extension of the offer validity period will be at the discretion of the SCA.

6.14 Timing of the Takeover Offer

There is no applicable information in this jurisdiction.

7. Overview of Regulatory Requirements

7.1 Regulations Applicable to a Healthcare Company Onshore UAE

The key regulatory body at the federal level is the Ministry of Health and Prevention, which is responsible for developing national health policies and regulations. Each Emirate also has its own department of health that seeks to implement national policies through local Emirate specific regulations.

The department of economic development of each Emirate is responsible for the issuance of commercial licences. As part of that process, it requires no-objection permits from the relevant department of health before issuing a final commercial licence, which signifies the completion of the incorporation process.

The timeframes to obtain the necessary permits and approvals will vary significantly based on the type of healthcare business with highly regulated subsectors taking longer to incorporate. For example, companies established for the purposes of carrying out healthcare insurance

activities and manufacturing and distribution of pharmaceuticals and medical devices may take up to 12 weeks to incorporate.

Free Zones

DHCC focuses on attracting investors in the healthcare sector and implements its own set of healthcare regulations under the purview of the Dubai Health Authority. The incorporation process in free zones is usually more streamlined than in onshore incorporations, however investors in free zones will need to exercise caution as free zone entities will be limited in the activities it can carry out in onshore UAE, as mentioned in 2.2 Type of Entity.

7.2 Primary Securities Market Regulators

The primary securities market regulator for M&A transactions involving publicly listed companies in the UAE is the Securities and Commodities Authority, ie, the SCA. The SCA oversees the issuance and trading of securities, and sets the rules and regulations for M&A of public joint stock companies listed on the DFM and ADX.

7.3 Restrictions on Foreign Investments

The UAE has liberalised foreign equity restrictions, allowing 100% foreign ownership in many sectors, other than sectors that have strategic impact, with the relevant regulatory authorities determining the percentage of UAE national ownership required. In the healthcare sector, healthcare insurance companies - which are considered to be carrying out strategic impact activities - are regulated by the UAE Central Bank and will need to adhere to the UAE national ownership requirement.

Each Emirate publishes a comprehensive list of permitted activities that can be carried out by companies with 100% foreign ownership, which includes the healthcare sector (for exam-

ple operation of clinical facilities and healthcare-related services). There are, however, subsector-specific laws and regulatory bodies that impose policies restricting foreign ownership, such as in relation to the manufacturing and distribution of pharmaceutical and medical devices.

7.4 National Security Review/Export Control

Despite there being no mandatory national security review of acquisitions in the UAE, governmental authorities can choose to intervene if they believe the transaction may pose a threat to national security. Apart from targeted financial sanctions, the UAE does not have restrictions in relation to investors/buyers on the basis of their country of origin. However, the UAE has legislation in place regarding goods subject to non-proliferation, namely, Federal Decree-Law No (43) of 2021 on the Goods Subject to Non-Proliferation as well as the “*Strategic Goods List*” regulated under this law.

7.5 Antitrust Regulations

The basic antitrust filing requirements applicable to takeover offers and business combinations in the UAE are governed by the Federal Decree-Law No 36 of 2023 on the Regulation of Competition. A filing with the Ministry of Economy is required if a transaction results in an “*economic concentration*”, which occurs when either: (i) the combined annual turnover of the parties in the UAE exceeds AED300 million; or (ii) their combined market share in the relevant market in the UAE exceeds 40%.

7.6 Labour Law Regulations

Acquirers in the UAE should primarily be concerned with the provisions of Federal Labour Law No 33 of 2021, which governs employment relationships. Current UAE laws do not recognise trade unions/work councils and the estab-

lishment of such groups is not permitted. There have, however, been recent developments in this area and the UAE government has started to grant certain professional associations limited freedom to raise employment issues.

7.7 Currency Control/Central Bank Approval

There are no foreign exchange controls or restrictions on payments, except for anti-money laundering checks. Typically, no UAE Central Bank approval is required for an M&A transaction. However, large transactions involving financial institutions might be subject to certain specific reporting requirements or approvals from the UAE Central Bank.

8. Recent Legal Developments

8.1 Significant Court Decisions or Legal Developments

It is worth noting that in the UAE, court decisions are generally not publicly published, meaning they are not widely accessible for public review. Further, UAE regulators have historically not adopted the approach to enforcement transparency often demonstrated in markets such as the EU and the UK. While decisions and penalties may be made public from time to time, obtaining more comprehensive insight into enforcement trends – and detailing practical risk as a result – is challenging across UAE sectors, including in healthcare.

Having said that there are legal developments in the UAE which may impact healthcare M&A, including the following.

- New antitrust filing requirements: the anti-trust filing requirement, as discussed in **7.5 Antitrust Regulations**, came into force on

31 March 2025. It introduces an additional threshold for merger control filings, which looks at transactions where the total annual sale values of the parties in their respective market in the UAE exceeds AED300 million in the previous financial year, whereas the previous regime only defined economic concentration by virtue of market share and only required filing with the Ministry of Economy where the parties' combined market share in the UAE exceeded 40%. This represents a significant shift and an increasing number of transactions is likely, which will trigger the antitrust filing requirement as institutional clients and governmental entities are the main drivers of healthcare M&A activity in the UAE.

- Healthcare data specific regulations: the introduction of healthcare data-specific regulations, such as the Health Data Law and ADHICS as discussed in **9.2 Data Privacy**, will likely have an impact on due diligence exercises over healthcare targets as well as post-completion integration. UAE laws in respect of data localisation and international data transfer present a challenge for multinational organisations processing data outside the UAE. Difficulties may also arise in relation to data retention due to the arbitrary minimum UAE period for health data retention (25 years from the date on which the last procedure on the patient was conducted or for as long as is necessary) under the Health Data Law. Market standards outside of the UAE often set lower (and/or less prescriptive) retention periods, and therefore integration of UAE health data into a broader multinational data retention framework may prove challenging in practice.

9. Due Diligence/Data Privacy

9.1 Healthcare Company Due Diligence

Generally, there is no restriction on public companies and directors approving the disclosure of information to bidders, however, sector-specific data protection regulations will need to be considered (please see **9.2 Data Privacy** in relation to healthcare-specific data privacy restrictions).

Public companies are required to observe principles of equality, therefore unlike in private M&A, answers to tailored bidder due diligence questions must be shared with other active bidders in a competitive takeover.

9.2 Data Privacy

Layered Regulatory Regime

The UAE data privacy landscape comprises a patchwork of Federal “onshore” and “free zone” regimes, in addition to sector-specific rules. The resulting compliance environment for healthcare entities (and potential acquirers of such entities) is both complex and often opaque.

The ADGM and DIFC have independently implemented data privacy regulations which broadly align with the General Data Protection Regulation (GDPR) standards of compliance. However, onshore data privacy laws are currently in force but not yet enforceable (pending publication of executive regulations) and present a simpler compliance standard. The UAE also maintains healthcare-specific data privacy and cybersecurity laws at both Federal and Emirate level, including:

- Federal Law No 2 of 2019 on the Use of Information and Communications Technology in Healthcare (the “*Health Data Law*”)
- Abu Dhabi Healthcare Information and Cyber Security Standard V2 2024 (ADHICS); and

- the Dubai Health Authority Policy for Data and Health Information Protection and Confidentiality 2022 (the “*DHA Policy*”).

In light of (often multiple) potentially applicable UAE regimes, including free zone, Federal and sector-specific, careful consideration must be given to the scope of regulatory application to a target entity. While buy-side counsel would not typically be expected to conduct a comprehensive audit, a robust understanding of the regulations likely applicable to the target is essential from scoping, analysis and reporting perspectives.

Healthcare Specific Data Regulations

The Health Data Law includes robust data localisation requirements and prohibits the transfer, storage or processing of health information outside the UAE, unless one of a limited number of exemptions apply, or further to UAE Department of Health consent. It also restricts the use of health data by organisations for non-healthcare purposes subject to exemptions, for example if the patient provides written consent, or if a health insurance company requires the patient’s health data to approve financial benefits.

ADHICS includes policies, procedures and technical controls that must be implemented by healthcare entities to protect the privacy and security of patient health data, and includes specific restrictions and requirements in respect of access control, incident management, data backup and recovery, and encryption. All healthcare organisations operating in Abu Dhabi are required to comply with ADHICS. In its V2 version, ADHICS contains more developed data privacy obligations, including contractual requirements, data subject request provisions and obligations related to the appointment of a data protection officer.

The DHA Policy applies to all healthcare organisations operating in Dubai, and includes similar requirements to ADHICS.

10. Disclosure

10.1 Making a Bid Public

A formal announcement of an acquisition to the public by a bidder will typically be made as soon as the SCA approval is obtained in relation to the offer document. However, earlier disclosure may be required to preserve market integrity.

The UAE Takeover Code stipulates that a target company upon being aware of a potential acquisition, or if it is not aware, a bidder and any informed significant shareholder holding 30% or more capital in a target company, is required to make an announcement of a potential acquisition in the event there are any rumours or matters which may indicate a potential acquisition, for example occurrence of price movements and unusual trading volume of securities.

10.2 Prospectus Requirements

Under the UAE mandatory disclosure regime for listed companies, any issuance of new shares, whether in a stock-for-stock takeover offer or a business combination, will generally require a prospectus approved by the SCA. Likewise, any shares offered as consideration must be listed on a recognised exchange to allow both shareholders and regulators to readily verify their regulatory status, liquidity and value.

10.3 Producing Financial Statements

In the UAE, companies are required to prepare audited financial statements in line with International Financial Reporting Standards (with certain limited exceptions differing between onshore UAE and free zones).

A bidder is not typically required to furnish its own financial statements to the SCA, regardless of whether the bid is for a cash or stock-for-stock acquisition but is expected to include certain information on financial standing in the offer document. When declaring an offer to the public, bidders will only be required to provide confirmation issued by their financial advisor that they have the necessary financial resources to complete the offer.

However, where antitrust filing requirements are triggered, a bidder will likely be requested by the Ministry of Economy to furnish their financial statements along with the application.

10.4 Disclosure of Transaction Documents

Transaction documents in a public acquisition typically consist of the offer document and the recommendation of the target company's board. The offer document will need to be filed with and approved by the SCA and subsequently shared with the shareholders of a target company.

11. Duties of Directors

11.1 Principal Directors' Duties

Although free zone and onshore UAE companies typically have separate companies regulations, the principles surrounding directors' duties are not dissimilar and centre around promoting the success of a company, exercising due care and diligence for the benefit of a company, acting within their powers, avoiding conflict of interest and ensuring that acts of the company are consistent with its objectives.

In the context of a business combination, specific obligations may be owed by directors to shareholders and third parties, such as credi-

tors and a bidder (as discussed further below). In addition, the UAE Commercial Companies Law expressly stipulates that directors may be liable to shareholders or third parties in the event of a breach of their duties.

More specifically, under the UAE Takeover Code and UAE Commercial Companies Law, directors of a target company are subject to the following obligations in a business combination process.

- The board will need to be cognisant of its overarching duties in recommending and approving a business combination, unless the mandatory offer threshold is triggered, in which case a board approval is not necessary.
- The board's ability to approve transactions may be subject to other considerations including a company's articles of association and shareholders' agreements. To the extent a director will execute or issue the documents on behalf of a company, the director should also ensure that the relevant authority is properly documented through documents such as power of attorney, constitutional documents or delegation matrix.
- The board is tasked with notifying shareholders of an offer and providing its recommendation concerning the offer, including reasons for the recommendation.

- The board is tasked with notifying creditors of any merger and providing details of the merger.
- The board should not carry out, or cause to be carried out, any acts which deliberately jeopardise an offer, from the date it becomes aware of the presentation of an offer or a potential offer.
- Directors should adhere to their duty to avoid conflicts of interest. For example, if there is a competing offer recommended by the company, neither the company nor its directors should be related to the entity presenting that offer. If a director conflict arises, the relevant director shall not be entitled to vote on any matters relevant to the business combination.

11.2 Special or Ad Hoc Committees

There is no applicable information in this jurisdiction.

11.3 Board's Role

There is no applicable information in this jurisdiction.

11.4 Independent Outside Advice

There is no applicable information in this jurisdiction.

Trends and Developments

Contributed by:

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Trowers & Hamlins

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Introduction

With rising deal values and increased complexity and sophistication, the healthcare sector continues to represent a key area of growth and M&A activity in the UAE.

Areas of particular interest include:

- the UAE's maturing healthcare market, buyer portfolio build-outs and increasing platform integration;
- emerging diligence considerations and challenges; and
- post-completion remediation and integration complexities.

This article considers the trends, developments and challenges facing healthcare M&A in the UAE – with a particular focus on data privacy and cybersecurity considerations.

Maturing Market, Portfolio Build-Outs and Platform Integration

Sector overview and emerging trends

The decade leading up to 2025 has seen explosive growth in the GCC healthcare sector as a whole – with the UAE now home to over 150 hospitals and more than 5,000 healthcare facilities. The Emirates of Abu Dhabi and Dubai have, in particular, led the way with flagship healthcare developments and transformative healthtech deployment.

In this section, the authors consider some of the broader trends shaping the UAE healthcare space and the M&A activity within it.

UAE healthcare sectoral trends include the following.

- Ever-increasing expansion and sophistication in the use of health data – including the 2019

roll-out of Malaffi, the GCCs first health data exchange platform.

- AI-assisted care and diagnoses – driven by the UAE's *"Think AI"* initiative, with its goal of accelerating the implementation of AI in sectors across the UAE, including healthcare.
- Public-private healthcare partnerships – placing UAE state-backed providers alongside leading multinationals in the deployment of cutting-edge health technology.
- The promotion of the UAE as a medical tourism destination – attracting both GCC and wider international patient cohorts to the UAE.
- The focus on preventative medicine, enhanced screening and early detection – expansion of both state and private sector analysis, with a focus on a personalised approach.

More broadly, the UAE continues to present an attractive space for healthcare investment – maintaining strong, and often all-encompassing, medical insurance coverage amongst its (largely expatriate) population and often outperforming its GCC counterparts in public healthcare spending.

Maturing market, portfolio build-out and platform integration

With expansion, the UAE healthcare sector has undergone significant maturation. The market now features a notable range of both international and regional healthcare vendors – including leading US and European healthcare brands. In addition, sovereign wealth-backed health sector investment verticals continue to make considerable inroads in both domestic and outbound healthcare investment.

Transactional trends include the following.

- Buyers centring on niche, use-case specific and sometimes unconventional targets. A sector-wide trend towards further integration results in both “horizontal” (ie, providing for diversification of platform) and vertical (cross-supply chain) purchases. A buyer may, for example, consider bringing in-house (through acquisition) key business functions including tech and logistics.
- In respect of deal profile, the diversity of targets and buyers in this space has led to a huge divergence in annual deal-to-deal values. An acquisitive buyer may look to strengthen its portfolio with both strategic, big ticket-value transactions while at the same time targeting smaller, sometimes start-up or seed fund-stage healthcare businesses to fill perceived platform gaps.
- Buyers may also see transactions in this space as an opportunity to “acqui-hire” to address a lack of specialised talent – particularly where the intention is to bring in-house leading individuals or teams. Healthcare IP-focused transactions are not uncommon – with buyers looking to acquire key brands, tech and/or data (both domestic and international) – for example through acquisition of or taking a controlling stake in businesses with substantive existing health datasets.

Sovereign wealth opportunities

For increasingly sophisticated and diversified state-backed purchasers, activity often focuses on opportunities to access international markets, while at the same time bringing home and making available key innovations to a UAE audience. Sovereign wealth healthcare strategies in the UAE increasingly position sovereign funds as competitors to and buyers from private equity in the healthcare space. Given the financial, political and broad perceptual imperatives of strengthening the sector, sovereign wealth is

likely to play an increasingly significant role in healthcare both in the UAE and internationally.

Diligence Approach – Emerging Privacy and Cybersecurity Rules in Focus

As the value and sophistication of UAE healthcare transactions have grown, so too has the complexity of due diligence, particularly in respect of regulatory matters. Key areas of consideration include competition law, licensing and regulatory approval (particularly in the context of outward investment in developed markets such as the USA and Europe) – and, in focus here, data privacy and cybersecurity compliance.

In this section, the authors provides a summary of the data privacy regulations applicable to UAE healthcare entities and examine some of the key diligence considerations in the assessment of such entities from a data privacy perspective.

UAE Data Privacy Regulatory Landscape – An Overview

The UAE data privacy landscape comprises a patchwork of federal “onshore” and “freezone” regimes, in addition to sector-specific rules. The resulting compliance environment for healthcare entities (and potential acquirers of such entities) is both complex and often opaque.

General

Federal Decree-Law No 45 of 2021 (the “Onshore Data Protection Law”) governs data privacy “onshore” (ie, within the Federal UAE – outside the freezones). At the time of writing, it remains in force but not yet enforceable (pending publication of its Executive Regulations). The Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM) have independently implemented data privacy regulations and maintain dedicated data protection authorities. In very broad terms, the data privacy

laws of the ADGM and DIFC adopt a standard of compliance closer to the GDPR. By comparison, in its current form, the Onshore Data Protection Law presents a simpler (and sometimes less precise/prescriptive) compliance standard. Where freezone data privacy laws apply, the Onshore Data Protection Law does not. The Onshore Data Protection Law does not apply to health data, where such data is otherwise governed by sector-specific rules; however, its requirements will apply to the non-health, personal data processing activities (for example HR) of a health sector entity.

While concepts and requirements under the ADGM Data Protection Regulation 2021 (ADGM DPR) and DIFC Data Protection Law 2020 (DIFC DPL) are similar, the regulations differ in substance in certain key ways. For example, unlike the DIFC DPL, the ADGM DPR largely adopts the territorial scope of the GDPR, including provisions which may bring within its scope the data processing activities of onshore UAE entities which also have ADGM entities, where such onshore processing is conducted “*in the context of*” the activities of the ADGM entity.

Healthcare sector-specific rules

In addition to broader freezone and onshore regulations, the UAE maintains healthcare sector-specific data privacy and cybersecurity laws – at both a Federal and Emirate level.

Key healthcare sector data privacy and cybersecurity regulations include:

- Federal Law No 2 of 2019 on the Use of Information and Communications Technology in Healthcare (the “*Health Data Law*”)
- Abu Dhabi Healthcare Information and Cyber Security Standard V2 2024 (ADHICS); and

- the Dubai Health Authority Policy for Data and Health Information Protection and Confidentiality 2022 (the “*DHA Policy*”).

The Health Data Law came into effect in May 2019, with the aim of regulating the use of information and communication technology in the UAE’s health sector, in addition to establishing the UAE centralised system for the purposes of collecting, storing and exchanging health data for UAE patients. The Health Data Law includes robust data localisation requirements and prohibits the transfer, storage or processing of UAE health information outside the UAE unless one of a limited number of exemptions apply, or further to UAE Department of Health consent. Data localisation represents a key healthcare sector challenge – particularly from a post-completion integration perspective in an M&A context – this is considered further in the section headed “*Post-Completion Remediation and Integration Complexities*”.

The Health Data Law also restricts the use of health data by organisations for non-healthcare purposes, subject to certain exemptions: for example, if the patient provides written consent, or if a health insurance company requires the patient’s health data to approve financial benefits. The Health Data Law has strict confidentiality requirements and breaches may result in financial penalties and disciplinary sanctions.

ADHICS is a set of standards developed by the Health Authority of Abu Dhabi to ensure the confidentiality, integrity and availability of healthcare information in Abu Dhabi. ADHICS includes policies, procedures and technical controls that must be implemented by healthcare entities to protect the privacy and security of patient health data. ADHICS includes specific restrictions and requirements in respect of access control, inci-

dent management, data back-up and recovery, and encryption. All healthcare organisations operating in Abu Dhabi are required to comply with ADHICS, including its obligations in respect of management and mitigation of risks associated with cyber threats, data breaches and other security incidents. While initially conceived primarily as a cybersecurity framework, its v2.0 version ADHICS contains more developed data privacy obligations, including contractual requirements, data subject request provisions and obligations in respect of appointing a data protection officer.

The DHA Policy applies to all healthcare organisations operating in Dubai, and includes similar requirements to ADHICS, including policies, procedures and technical controls that must be implemented by healthcare entities to protect the privacy and security of health data. Additionally, the Dubai Healthcare City freezone previously adopted its own health information law, The Dubai Healthcare City Data Protection Regulation No 7 of 2008 (the DHCDPR). The exact relationship between the DHA Policy and the DHCDPR is unclear and the subject of some speculation. The Dubai Health Authority indicates in its public-facing materials that it has responsibility for all healthcare regulations in the Dubai Healthcare City. In practice, it is likely the DHCDPR would be interpreted and enforced in light of the DHA Policy – and the Dubai Health Authority may defer to the newer DHA Policy in the event of conflict or ambiguity between the two documents.

While in many respects ADHICS and the DHA Policy share common intentions and requirements, the regimes differ on points of detail. Significantly, DHA Policy compliance is based on self-assessment – with annual entity self-reporting requirements. ADHICS, by contrast,

provides for annual external audit, bringing within its scope both information security and data privacy compliance obligations.

UAE Data Privacy Healthcare Diligence Challenges

Against an increasingly multifaceted regulatory backdrop, healthcare diligence in the UAE, from a data privacy and cybersecurity perspective, has become increasingly more complex.

In this section, the authors consider some of the practical challenges when conducting healthcare-specific data privacy diligence in the UAE.

Key considerations include the following.

- Confirmation of target regulatory exposure: in light of (often multiple) potentially applicable UAE regimes – including freezone, Federal and sector-specific – careful consideration must be given to the scope of regulatory application to a target entity. While buy-side counsel would not typically be expected to conduct a comprehensive legal impact analysis, a robust understanding of the regulations likely applicable to the target is essential, whether from scoping, analysis or reporting perspectives.
- Navigating limited awareness and emerging standards: substantive data privacy regulation is still a relatively recent development in the UAE and sector-specific regulations, in particular, have had only a very limited opportunity to embed themselves. As a result, regulatory familiarity for both buyers and sellers is often limited and sometimes superficial. Unlike more established frameworks (the GDPR in the EU or HIPPA in the USA, for example), complex frameworks such as ADHICS have only very recently started to be implemented and have already undergone

significant development as compared to their initial form.

- Practical risk analysis: UAE regulators have not historically adopted the approach to enforcement transparency often demonstrated in markets such as the EU and the UK. While decisions and penalties may be made public from time-to-time, obtaining more comprehensive insight into enforcement trends – and detailing practical risk as a result – is challenging across UAE sectors, including in healthcare.

Post-Completion Remediation and Integration Complexities

As with any highly regulated sector, substantive inherited regulatory risk is, from both a post-completion remediation and enforcement perspective, of key concern to buyers in the healthcare space.

In this section, the authors briefly consider some of the post-completion remediation and integration complexities faced by buyers in the UAE healthcare sector.

Areas of particular consideration are likely to include the following.

- Lack of target regulatory engagement: healthcare sector rules will often require UAE Department of Health consent – including (absent exemptions) for both disclosure of data to third parties and international transfers. Lack of target Department of Health engagement may present substantive risks.
- Policy and procedure limitations: given, in particular, the often-overlapping relevant regulatory regimes, insufficient and/or incomplete compliance policies and procedures are not uncommon in the UAE healthcare space. While a buyer may ultimately look to integrate

a target into its existing compliance policy/procedure suite, acquisition of an organisation with significant compliance gaps represents a material risk.

- Contractual issues: optimal contractual arrangements in UAE healthcare typically require the integration of overlapping obligations and careful limitation of liability. Inherited agreements will often be non-complaint with applicable regulations and otherwise tend to be insufficiently protective of a potential buyer.

In addition, integration of UAE healthcare entities into multinational businesses can necessitate specific considerations, both practical and regulatory. Challenges are likely to include the following.

- Management of data localisation and international data transfer restrictions: UAE laws in respect of data localisation and international data transfer present a challenge for multinational organisations processing (or wishing to process) data outside of the UAE. As set out above, under the Health Data Law, there is a general prohibition on the transfer of UAE-derived health data outside of the UAE. This prohibition will become relevant in practice to any buyer who, for example, intends to utilise IT departments in non-UAE jurisdictions, or cloud solutions hosted outside of the UAE for the benefit of a UAE acquisition target.
- Integration of data retention requirements: difficulties may arise in relation to data retention due to the arbitrary minimum UAE period for health data retention (25 years from the date on which the last procedure on the patient was conducted or otherwise as long as is necessary) under the Health Data Law. The market standard outside of the UAE often sets lower (and/or less prescriptive) retention

periods and the integration of UAE health data into a broader multinational data retention framework may prove a practical challenge.

Conclusion

Looking ahead, the publication of the long-awaited Onshore Data Protection Law Executive Regulations, in addition to further clarification of key healthcare specific restrictions through Ministerial Resolutions, may be expected within the next 12 to 24 months.

More broadly, deal activity in the healthcare space is expected to remain strong, driven in particular by sovereign wealth acquisition, and further platform consolidation.

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