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The Enforceability of DIAC arbitral awards by the DIFC Courts is confirmed: the DRA and DIAC join forces

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Two years ago, in the case of *Banyan Tree v Meydan Group*, an arbitral award rendered outside the Dubai International Financial Centre (**DIFC**) was enforced by the DIFC courts in circumstances where neither party was based nor had assets in the DIFC. The case demonstrated the willingness of the DIFC's courts to enforce awards rendered in Dubai (so called "onshore awards"), but still there remained uncertainty regarding the enforceability of such onshore awards. That uncertainty appears to have been removed, at least as far as awards rendered under the rules of arbitration of the Dubai International Arbitration Centre (**DIAC**) are concerned.

On 20 September 2016, the DIFC Dispute Resolution Authority (**DRA**), a body that administers dispute resolution within the DIFC, signed a Memorandum of Understanding (**MoU**) with DIAC, an institution that provides dispute resolution and commercial arbitration services in Dubai, which is to facilitate the recognition, ratification and enforcement of DIAC arbitral awards in the DIFC.

The DRA was established pursuant to Law No. (7) of 2014 amending Law No. (9) of 2004 concerning the DIFC; it comprises of the DIFC Courts, DIFC Arbitration Institute, DIFC Wills and Probate Registry, and the DIFC Academy of Law. DIAC is an autonomous arbitration institution, which was established in Dubai in 2003 and is based at the Dubai Chamber of Commerce & Industry.

The DRA and DIAC have entered into the MoU with the primary objective to cooperate and exchange information for the purpose of enhancing the expedited recognition, ratification and/or enforcement of DIAC arbitral awards by the DIFC Courts. The MoU promises to be a strategic opportunity for the onshore and offshore bodies, with the express intention to create "closer ties" and achieve mutual interests. Indeed, following the signing of the MoU, DIAC launched a new office in the DIFC on 27 September 2016, further strengthening its cooperation with the DRA.

The MoU represents a significant step in Dubai's efforts to market itself as a leading arbitration hub in the region, as the onshore and offshore entities join forces for their mutual benefit. The MoU lists as one of its objectives, the revision of applicable laws, regulations and rules, and development of programmes for the "benefit of the legal community in the Middle East". The DRA and DIAC plan to further take steps to create

awareness about each other and to provide insights into their respective rules and procedures. The parties also intend to explore engaging in joint marketing, joint training and joint legal community knowledge sharing. The presence of the new DIAC office in the DIFC manifests in a highly visible way the strategic collaboration between the DRA and DIAC.

As the MoU marks another step forward for Dubai as a leading regional and international arbitration hub, it remains to be seen whether Abu Dhabi will follow in its footsteps. Will Abu Dhabi Global Market (**ADGM**), the newly established UAE arbitral seat, follow the DIFC's lead in facilitating closer ties with onshore arbitration centres for strategic mutual benefit or take a different route altogether?

Interesting times indeed for arbitration in the UAE.

See <http://difccourts.ae/wp-content/uploads/2016/09/MoU-between-DRA-and-DIAC-20-September-2016.pdf>

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