
| RESEARCH ARTICLE

The Emirati Approach to Addressing Legal Lacunae: A Model of Innovation and Agility

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| ABSTRACT

This article explores how the United Arab Emirates (UAE) proactively addresses legal lacunae through a unique combination of legislative foresight, technological integration, and legal pluralism. It analyses the UAE's civil law-based federal structure, the role of artificial intelligence in regulatory design, and the strategic use of common law in financial free zones. Case studies on digital assets, AI governance, and green technologies illustrate how the UAE transforms legal gaps into competitive advantages. The paper concludes by positioning the Emirati model as a replicable framework for agile, future-ready legal systems in the globalized era.

| KEYWORDS

Legal lacunae, UAE legal system, artificial intelligence, legal pluralism, DIFC, ADGM, virtual assets, VARA, regulatory innovation, civil law, common law, smart governance, digital economy, sustainable regulation.

| ARTICLE INFORMATION

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1. Introduction: Redefining Legal Gaps in the Modern Era

A lacuna, from the Latin word meaning "gap," refers in legal terminology to a missing or unclear area in the law. These gaps typically arise in response to new technological innovations, sudden geopolitical changes, or rapid economic developments. While many jurisdictions struggle to adapt, the United Arab Emirates (UAE) has taken a different path: it anticipates legal gaps and addresses them proactively through a blend of visionary governance, legislative agility, and a relentless embrace of innovation.

The UAE has positioned itself as a global pioneer in future-ready legal systems. A striking example is how the UAE regulated emerging sectors like virtual assets years before many developed countries even began discussions.

2. The Traditional Legislative Framework: Speed with Structure

The UAE's legal system operates at the federal level, drawing heavily from civil law traditions. Despite its formality, the system is remarkably dynamic. The process for creating federal laws begins with drafting by the Council of Ministers. This is followed by a review by the Federal National Council (FNC), a 40-member body split equally between elected and appointed representatives, with a strong emphasis on gender balance and national diversity. After the FNC review, the President of the UAE forwards the draft to the Supreme Council of Rulers. Upon ratification, the law is officially promulgated and published. This framework provides a stable yet flexible mechanism, enabling the country to swiftly adapt to evolving domestic needs and international developments without procedural delays. For example, during the COVID-19 pandemic, the UAE rapidly enacted emergency health measures through this system without needing constitutional amendments¹.

3. Legal Innovation and the AI Frontier: Predicting the Future

In 2017, the UAE once again demonstrated its leadership on the world stage by appointing the world's first Minister of State for Artificial Intelligence. This move laid the groundwork for institutional developments such as the Mohamed Bin Zayed University

of Artificial Intelligence (MBZUAI) and the Artificial Intelligence and Advanced Technology Council². These institutions are at the forefront of integrating artificial intelligence into policymaking. For instance, machine learning models are now used to simulate legislative impacts, identify conflicting laws before they arise, and prioritize emerging areas of regulatory concern. Thanks to this, the UAE was able to create data privacy regulations in parallel with the global rise of GDPR in Europe, ensuring that its digital economy remained internationally competitive without undermining local customs².

4. The Cryptocurrency Conundrum: Regulating the Unregulated

Facing the explosive growth of digital assets, the UAE moved decisively to regulate cryptocurrencies and virtual assets. Through Cabinet Resolution No. 10 of 2019 and Federal Decree-Law No. 20 of 2018, it established a robust anti-money laundering (AML) and counter-financing of terrorism (CFT) framework³. In addition, Dubai's Law No. 4 of 2022 created the Virtual Assets Regulatory Authority (VARA), a specialized body tasked with overseeing the virtual asset sector⁴. VARA has already begun using AI-powered tools to monitor blockchain transactions for suspicious activities. As a real-world result, Binance, one of the world's largest cryptocurrency exchanges, chose Dubai as its Middle East headquarters in 2025, citing the clarity and professionalism of the UAE's regulatory environment⁵.

5. Legal Pluralism and Free Zones: A Strategic Hybrid Model

While the UAE's legal foundation remains rooted in civil law, it has strategically incorporated elements of common law through the establishment of financial free zones such as the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM)⁶. These zones operate under separate English-language, common-law-based legal systems that are internationally recognized. For instance, ADGM courts operate on English common law principles without adopting the UAE's civil code. This dual system enhances investor comfort while preserving the sovereignty of domestic law. A clear success story was seen in 2025 when Amazon Web Services (AWS) expanded its operations into ADGM, choosing it over other regional hubs precisely because of the legal transparency and arbitration services offered there⁷.

6. Smart Governance Leap: AI-Powered Regulation

In a landmark initiative, the UAE Cabinet launched the Regulatory Intelligence Ecosystem in 2022. This legislative framework integrates artificial intelligence to monitor global legal trends, maintain real-time connections across federal and local legislative databases, and streamline the law-making process by up to 70 percent⁸. By moving away from static codified texts towards living legal systems that evolve with technological and societal changes, the UAE ensures continuous regulatory alignment with the global environment. For example, the Regulatory Intelligence Ecosystem helped the UAE swiftly adapt its financial regulations to accommodate decentralized finance (DeFi) platforms, leading to Abu Dhabi attracting major players like ConsenSys and Chainlink Labs in 2025⁸.

7. Balancing Global Adaptation and Local Integrity: A Professional Approach

One of the UAE's most remarkable achievements is its ability to adapt to global legal changes without disrupting its domestic legislative fabric. Rather than copying foreign laws blindly, the UAE assesses global best practices and integrates them carefully into its local context. This professional and measured approach ensures that fairness, justice, and the rule of law remain central pillars, boosting investor confidence. For instance, while aligning with international AML standards to comply with Financial Action Task Force (FATF) recommendations, the UAE maintained its traditional respect for privacy rights through carefully drafted exceptions within its legal texts⁹. This delicate balance has contributed significantly to making the UAE a trusted, stable, and attractive destination for international businesses and individuals alike. In 2025, Siemens Energy and Samsung Engineering both announced major investments in Abu Dhabi, citing not only the business environment but also the predictability and professionalism of the UAE's legal system⁹.

8. Emerging Industries and Future-Ready Governance

The Emirati model of governance has also directly influenced new emerging industries. In 2025, global renewable energy leader Vestas set up its regional headquarters in Abu Dhabi, while Tesla Energy announced a research and development center in Dubai. These moves reflect investor confidence not only in the UAE's economic stability but also in its regulatory foresight, particularly in sectors such as green technology, AI, and blockchain-based finance. By seamlessly integrating legal innovation with economic strategy, the UAE is creating a self-reinforcing cycle of growth and modernization that serves as a blueprint for other nations. An example of this success is the "Masdar City Blockchain Initiative," which uses tokenized energy credits to promote sustainability, backed legally by fast-adapted regulations⁹.

9. Conclusion: A Blueprint for the Future

The UAE's approach to legal lacunae is not reactive; it is decisively anticipatory. Through a sophisticated blend of legislative foresight, AI-driven governance, legal pluralism, global trade leadership, and strategic economic positioning, the country transforms potential vulnerabilities into competitive advantages. By embracing innovation while maintaining stability, the UAE

offers a replicable model of governance where agility, adaptability, and vision come together to turn gaps into opportunities. As new industries like AI governance, climate technology, and decentralized finance continue to evolve, the UAE stands not just as a participant but as a global architect of the future legal order.

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