

Template Settlement Agreement

[Please note:

1. DMCC has provided this settlement agreement as a template that the parties may wish to use when a final settlement is reached. The parties are not required to use this particular form of settlement agreement and can choose to enter into any other form of settlement agreement that the parties deem appropriate. For the avoidance of doubt, DMCC accepts no liability whatsoever if the parties choose to use this template settlement agreement. The information and material provided in this template is for the purposes of general information and guidance only and is not intended to constitute legal or other professional advice on which reliance should be placed. DMCC recommends that the parties take independent legal advice prior to entering into any settlement agreement. For the avoidance of doubt, DMCC will not be responsible for and will not assist with the drafting of any settlement agreement for either party.
2. Information within square brackets is required to be completed by the parties. Please remove all square brackets and footnotes prior to finalisation and signature of this settlement agreement]

SETTLEMENT AGREEMENT

THIS AGREEMENT is dated [DATE]¹

PARTIES

- (1) [INSERT NAME OF COMPANY] holding Commercial Trade Licence No. [INSERT TRADE LICENCE NO], incorporated in [the United Arab Emirates] and having its registered address at [INSERT REGISTERED ADDRESS] (**Party A**)
- (2) [INSERT NAME OF COMPANY] holding Commercial Trade Licence No. [INSERT TRADE LICENCE NO], incorporated in [the United Arab Emirates] and having its registered address at [INSERT REGISTERED ADDRESS] (**Party B**).

BACKGROUND

A dispute has arisen between the parties relating to [GIVE A DESCRIPTION OF THE DISPUTE] (the **Dispute**).

The parties have settled their differences and have agreed terms for the full and final settlement of the Dispute and wish to record those terms of settlement, on a binding basis, in this agreement (the **Agreement**).

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

In this Agreement, unless the context otherwise requires, the following words and expressions have the following meanings:

Related Parties: a party's parent, subsidiaries, assigns, transferees, representatives, principals, agents, officers or directors.

[ADD ANY FURTHER APPROPRIATE DEFINITIONS]

2. NO ADMISSION

This Agreement is entered into in connection with the compromise of the Dispute. It is not, and shall not be represented or construed by the parties as, an admission of liability or wrongdoing on the part of either party to this Agreement or any other person or entity.

This should be the date on which the last person signs the agreement.

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3. PAYMENT

3.1 Party B shall pay to Party A the total sum of [AMOUNT] divided into instalments payable by way of bank transfer to [BANK DETAILS] as follows:

- (a) the amount of [AMOUNT] to be paid on or before [DATE];
- (b) the amount of [AMOUNT] to be paid on or before [DATE]; and
- (c) the amount of [AMOUNT] to be paid on or before [DATE].

OR

3.2 Party B shall, within [NUMBER] days of the date of this Agreement, [time being of the essence,] pay to Party A the total sum of [AMOUNT] by way of bank transfer to [BANK DETAILS]².

Interest shall accrue and be payable by Party B on any part of the [AMOUNT] that is not paid in accordance with clause 3.1 at the rate of [XX%] per annum³.

[ADD ANY OTHER OBLIGATIONS AGREED BETWEEN THE PARTIES⁴.]

4. RELEASE

This Agreement is in full and final settlement of, and each party hereby releases and forever discharges, all and/or any actions, claims, rights, demands and set-offs, whether in this jurisdiction or any other, whether or not presently known to the parties or to the law, and whether in law or equity, that it, its Related Parties or any of them ever had, may have or hereafter can, shall or may have against the other party or any of its Related Parties arising out of or connected with:

- (a) the Dispute;
- (b) [the underlying facts relating to the Dispute;]
- (c) [any agreement between or act by the parties or their Related Parties or any of them; and]
- (d) [any other matter arising out of or connected with the relationship between the parties⁵.]

(collectively, the **Released Claims**)

5. AGREEMENT NOT TO SUE

Each party agrees, on behalf of itself and on behalf of its Related Parties not to sue, commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted against the other party or its Related Parties any action, suit or other proceeding concerning the Released Claims, in this jurisdiction or any other.

6. COSTS

6.1 The parties shall each bear their own legal costs in relation to the Dispute and this Agreement.⁶

²The first version of the payment clause provides for payment by instalments. The second version of the payment clause provides for a straightforward transfer of a single lump sum payment.

³Consider whether you wish to make provision for interest on late payment(s) and, if so, at what rate. This clause should only be used if the first version of the payment clause is used (i.e. payment by instalments).

⁴You should include any other obligations agreed between the parties e.g. the transfer of shares, delivery of goods/services, including as much detail as possible.

⁵The release should be drafted in simple terms as far as possible, whilst taking care to cover all, but not more than, the actual and possible claims that the parties intend to release.

⁶Proper provision needs to be made for the parties' costs in relation to the dispute. This clause assumes that the parties will each bear their own legal costs.

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7. WARRANTIES AND AUTHORITY

- 7.1 Each party warrants and represents to the other with respect to itself that it has the full right, power and authority to execute, deliver and perform this Agreement⁷.

8. INDEMNITIES

Each party hereby indemnifies, and shall keep indemnified, the other party against all costs and damages (including the entire legal expenses of the parties) incurred in all future actions, claims and proceedings in respect of any of the Released Claims which it or its Related Parties or any of them may bring against the other party or its Related Parties or any of them.

9. SEVERABILITY

If any provision of this Agreement is found to be void or unenforceable, that provision shall be deemed to be deleted from this Agreement and the remaining provisions of this Agreement shall continue in full force and effect and the parties shall use their respective reasonable endeavours to procure that any such provision is replaced by a provision which is valid and enforceable, and which gives effect to the spirit and intent of this Agreement.

10. CONFIDENTIALITY

The terms of this Agreement, and the substance of all negotiations in connection with it, are confidential to the parties and their advisers, who shall not disclose them to, or otherwise communicate them to, any third party [without the written consent of the other party] other than:

- (a) to the parties' respective auditors, insurers and lawyers on terms which preserve confidentiality;
- (b) pursuant to an order of a court of competent jurisdiction, or pursuant to any proper order or demand made by any competent authority or body where they are under a legal or regulatory obligation to make such a disclosure;
- (c) as far as necessary to implement and enforce any of the terms of this Agreement; [and]
- (d) to issue an agreed statement in the following terms (or terms substantially similar):

[SET OUT TERMS OF AGREED STATEMENT].

[The parties are entitled to confirm the fact of, but not the terms of, settlement of the Dispute.]⁸

11. CO-OPERATION

The parties shall deliver or cause to be delivered such instruments and other documents at such times and places as are reasonably necessary or desirable, and shall take any other action reasonably requested by the other party for the purpose of putting this Agreement into effect.

12. COUNTERPARTS

This Agreement may be signed in any number of counterparts, each of which, when signed, shall be an original and all of which together evidence the same Agreement.

13. VARIATION

Any variation of this Agreement shall be in writing and signed by or on behalf of each party.

⁷Always consider carefully whether the signatory has the authority to bind your opponent.

⁸Confidentiality is frequently a key element in a settlement. Where the dispute attracts a degree of public interest the parties may wish to include an agreed form of wording to be used as a press release.

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14. ENTIRE AGREEMENT

14.1 This Agreement constitutes the entire understanding and agreement between the parties in relation to the subject matter of this Agreement.

14.2 Each party acknowledges that it has not entered into this Agreement in reliance wholly or partly on any representation or warranty made by or on behalf of the other party (whether orally or in writing) other than as expressly set out in this Agreement.

15. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws and regulations of and applicable in the Dubai International Financial Centre (DIFC).

If any dispute, claim, controversy or difference between the parties arises out of or in connection with this Agreement, including any question regarding its existence, validity, or interpretation, then the parties agree that the courts of the DIFC shall have jurisdiction to finally determine the dispute.

This Agreement has been entered into on the date stated at the beginning of it.

Signed by [NAME]
for and on behalf of [NAME OF PARTY A]

Director

Signed by [NAME]
for and on behalf of [NAME OF PARTY B]

Director

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