Feature

KEY POINTS

- The legal consequences of the (ICE Futures Abu Dhabi) IFAD era, and of the 2026 crisis that brought it to a close, will occupy the Abu Dhabi Global Market courts, the DIFC courts, and London arbitral tribunals for years.
- The procedural challenge of managing simultaneous claims across multiple contract months, without the benefit of established practice or precedent at IFAD, is one that future exchange rulebook drafters will need to address explicitly.
- The successive cycles of US sanctions imposition, relaxation, and reimposition that have accompanied the ceasefire attempts of 2026 have exposed a structural gap in the legal framework governing commodity exchange infrastructure operating in the Gulf.

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IFAD after Murban: force majeure, delivery disputes and benchmark transition in Gulf commodity market infrastructure

The legal consequences of the IFAD (ICE Futures Abu Dhabi) wind-down are substantial, immediate and in important respects novel. They fall into three broad categories: (i) the force majeure and delivery dispute proceedings that the war generated; (ii) the legal implications of the UAE's wider strategic response to the conflict; and (iii) the sanctions compliance questions that have arisen from the successive reimposition and relaxation of US and allied sanctions on Iranian oil during successive ceasefire cycles. This article addresses each in turn.

On 31 July 2026, Abu Dhabi National Oil Company (ADNOC) announced that with effect from November 2026 liftings, it would transition its crude oil pricing methodology away from the ICE Futures Abu Dhabi (IFAD) Murban futures contract to a prompt-month pricing mechanism linked to the Platts Dubai benchmark.[1] The same day, Intercontinental Exchange (ICE) published Circular 26/013, confirming the suspension of all Murban futures contract months (a month in which a futures contract expires) in which there was no open interest (no active or outstanding positions).[2] Five years and five months after its March 2021 launch, the IFAD era was effectively over.[3]

The proximate cause was the 2026 Iran war, which began on 28 February and within weeks had produced the largest oil supply disruption in recorded history, closing the Strait of Hormuz to normal commercial traffic, generating an unprecedented wave of physical delivery failures, and exposing fundamental tensions between IFAD's two-month forward pricing mechanism and the operational reality of Asian refinery margin management under conditions of extreme price volatility. Murban's official selling price surged from $63 per barrel in February to $110.75 in May, a gain of 59.5% in a single month, before retreating as successive ceasefire attempts produced fragile and short-lived de-escalation.[4]

The legal consequences of the IFAD wind-down are substantial, immediate, and in important respects novel. They fall into three broad categories: (i) the force majeure and delivery dispute proceedings that the war generated and that will occupy the ADGM courts and London arbitral tribunals for years; (ii) the legal implications of the UAE's wider strategic response to the conflict, which has produced infrastructure commitments and regulatory developments of the first importance for practitioners in this field; and (iii) the sanctions compliance questions that have arisen from the successive reimposition and relaxation of US and allied sanctions on Iranian oil during successive ceasefire cycles. This article addresses each in turn.

I. FORCE MAJEURE AND DELIVERY DISPUTES: THE IFAD ARC PROCESS AND ITS LIMITS

IFAD was established within the Abu Dhabi Global Market (ADGM), which applies English common law in its entirety to its legal and regulatory framework. Contracts traded at IFAD were cleared at ICE Clear Europe in London, bringing the exchange within the regulatory oversight of both the ADGM Financial Services Regulatory Authority (FSRA) and the UK Financial Conduct Authority. This dual regulatory nexus, comprising FSRA jurisdiction over the exchange rules, English law governing their interpretation, and London clearing providing the financial backstop, created a distinctive legal architecture that the 2026 crisis has now stress-tested comprehensively.[5]

Under English law, force majeure is a creature of contract rather than a general doctrine: there is no freestanding right to invoke it without express contractual provision. The threshold for relief under English-law governing contracts, whether the IFAD rulebook's own provisions or the English-law General Terms and Conditions of the major oil trading houses, is demanding. General disruption, increased costs, or logistical inconvenience do not suffice. The question is whether performance has become legally or physically impossible, not merely more difficult or expensive.[6]

The 2026 crisis tested this threshold repeatedly and with increasing force as the conflict developed. When Iranian strikes damaged the Fujairah Oil Industry Zone (the sole delivery point for IFAD Murban contracts) in early May, and when vessel traffic through the Strait of Hormuz fell from over 100 ships per day to fewer than 14,[7] the factual basis for arguing genuine physical impossibility rather than mere commercial difficulty became materially stronger. The position was further complicated by the coexistence of two distinct categories of claimant: those whose inability to deliver was attributable to the physical closure of Hormuz and the strikes on Fujairah, and those whose non-delivery reflected the commercial consequences of elevated war risk premiums and the withdrawal of war risk insurance cover, which falls considerably short of legal impossibility under English law.

The IFAD Alternative Resolution Committee (ARC) Delivery Panel, constituted under Rules I.17 and I.18 of the IFAD Rulebook, found itself adjudicating a situation for which no precedent existed in the exchange's short history: layered, overlapping force majeure claims across multiple delivery months, with a second wave of failures in July 2026 arriving before the first wave from March and April had been resolved. The procedural challenge of managing simultaneous claims across multiple contract months, without the benefit of established practice or precedent at IFAD, is one that future exchange rulebook drafters will need to address explicitly. The lesson of 2026 is that a purely case-by-case adjudication mechanism is inadequate when a single geopolitical event generates delivery failures across multiple contract months simultaneously. Future rulebooks in this and comparable jurisdictions should be expected to provide for blanket force majeure declarations covering defined periods, with clear criteria for their activation and defined procedures for their unwinding as physical conditions normalise.

The over-the-counter (OTC) disputes present a more fragmented and legally complex picture. The major trading houses, including Shell, BP, TotalEnergies, Mercuria and Vitol, typically contract under English-law GTCs (General Terms & Conditions) specifying LCIA or ICC arbitration seated in London. Chinese counterparties including PetroChina and CNOOC have generated chain-of-title disputes in which the same cargo passed through multiple bilateral contracts, each potentially governed by different terms.[8] The critical legal distinction between exchange-traded and OTC contracts in this context is the presence or absence of a central counterparty. Exchange-traded IFAD contracts benefit from ICE Clear Europe's guarantee, which means that delivery failures are managed through the exchange's own default and force majeure procedures. OTC contracts have no such backstop: a delivery failure leaves the non-defaulting party to pursue its counterparty directly, through whatever dispute resolution mechanism the contract provides, in circumstances where the counterparty may itself be in a chain of failed deliveries and may have no practical ability to perform or to pay damages.

The governing law of the contract is of acute significance in determining the outcome of these disputes. Under English law, the force majeure doctrine sets a demanding threshold, as noted above. Under UAE civil law, which applies to contracts governed by the law of Abu Dhabi or the UAE more broadly, statutory provisions address both impossibility of performance and the court's discretion to reduce oppressive obligations where changed circumstances render performance excessively onerous. A party whose contract is governed by English law faces a materially harder test than one whose contract is governed by UAE civil law, even where the underlying factual circumstances are identical. This asymmetry is already generating significant legal activity as parties assess their positions across portfolios of contracts with different governing law provisions, and it will continue to do so as the arbitrations and court proceedings that the 2026 crisis has generated work their way through to determination.

The jurisdictional map for these disputes is correspondingly complex. Exchange-rule disputes go first to the IFAD ARC process, which operates under ADGM law applying English common law. OTC disputes governed by English-law GTCs will be heard in LCIA or ICC arbitrations seated in London. Disputes involving Asian counterparties whose contracts specify Singapore-seated arbitration will be heard at SIAC. And disputes with a UAE-law dimension may involve the ADGM courts, the DIFC courts, or the onshore UAE courts depending on the specific contractual arrangements. Practitioners advising clients in these proceedings need to be conversant with all of these forums and with the interaction between them, particularly where a single cargo has generated multiple overlapping claims in different jurisdictions simultaneously.

II. THE UAE'S STRATEGIC RESPONSE: LEGAL IMPLICATIONS OF THE FUJAIRAH PIVOT

The IFAD wind-down cannot be understood in isolation from the broader strategic transformation that the UAE executed with remarkable speed during the five months of the 2026 conflict. On 1 May 2026, the UAE withdrew from OPEC and the OPEC+ alliance, removing the quota constraint that had capped its production at 3.4 million barrels per day against a production capacity of 4.85 million barrels per day and a stated target of 5 million by 2027.[9] On 22 July 2026, DP World signed a 50-year concession with the Fujairah Ports Authority to develop the Al Rugaylat container and multi-purpose terminal and the Dibba General Cargo terminal, a commitment to building a Hormuz-independent trade gateway on the Gulf of Oman coast that will eventually handle 2.5 million TEUs (20-foot equivalent units, the standard measure container capacity) and 5.3 million tonnes of general cargo annually.[10]

The Habshan-Fujairah pipeline, which bypasses Hormuz and connects ADNOC's onshore producing fields to the Fujairah marine terminal, is being complemented by a new West-East Pipeline currently under construction and expected to double ADNOC's export capacity through Fujairah to approximately 3.6 million barrels per day by 2027, directed for acceleration by the Crown Prince of Abu Dhabi.[11] These decisions, taken together, constitute a coherent strategic architecture rather than a series of independent responses to crisis. The UAE has concluded, on the evidence available in the public domain, that the Strait of Hormuz cannot be relied upon as the primary conduit for Gulf trade within any planning horizon relevant to current capital investment decisions, and has committed to infrastructure that positions Fujairah as the UAE's primary trade gateway to the Indian Ocean.

The legal implications of this infrastructure transformation are direct and substantial for practitioners. The DP World 50-year concession alone will generate legal work of a kind and scale that the UAE market has not previously seen. Concession agreement structuring, project finance documentation, construction contract disputes, port operating licences, and the environmental and regulatory framework governing the new terminals will all require specialist expertise at the intersection of English common law, ADGM regulation, and UAE federal law. The 50-year duration of the concession means that its legal framework will need to be robust against changes in regulatory environment, political context, and ownership structure that are impossible to predict at the time of drafting.

Practitioners who develop expertise in this area now, before the pricing transition, concession and infrastructure disputes crystallise in the ADGM courts and London arbitration, will find themselves well placed as the work flows.

The ADNOC pricing methodology change

generates its own set of legal questions that are distinct from those arising from the delivery disputes. The transition from IFAD-linked pricing to Platts Dubai prompt-month pricing for all four Abu Dhabi crude grades, effective from November 2026 liftings, requires amendment to existing long-term crude sale and purchase agreements, revision of hedging arrangements built around the IFAD forward curve, and renegotiation of the price review mechanisms in term contracts that referred to the Murban OSP as a benchmark. The scale of this transition across ADNOC's global customer base, which includes the major Asian national oil companies as well as the international trading houses, will generate transactional legal work of significant volume over the remainder of 2026 and into 2027.

The benchmark cessation analysis developed in *Standard Chartered Plc v Guaranty Nominees Limited* [2024] EWHC 2605 (Comm), applying the machinery/substantive entitlement distinction first drawn in *Sudbrook Trading Ltd v Eggleton* [1983] 1 AC 444, will inform how English courts approach Murban OSP references in long-term crude sale and purchase agreements; however, unlike LIBOR's regulatory cessation, ADNOC's transition is a unilateral commercial decision, which engages price review clause rights as a distinct and anterior question that the LIBOR litigation did not reach.[18]

III. SANCTIONS COMPLIANCE: A STRUCTURAL CHALLENGE FOR GULF COMMODITY MARKET INFRASTRUCTURE

The successive cycles of US sanctions imposition, relaxation, and reimposition that have accompanied the ceasefire attempts of 2026 have exposed a structural gap in the legal framework governing commodity exchange infrastructure operating in the Gulf. The reimposition of US sanctions on Iranian oil following the collapse of the June 2026 ceasefire[12] demonstrated that participants in Gulf commodity markets cannot treat sanctions compliance as a peripheral or occasional concern. It is a live, operational challenge that can change materially within days and that affects the legality of transactions that were compliant when entered into.

The specific sanctions compliance issues that have arisen in the IFAD context illustrate the broader challenge. Participants who restructured their hedging positions during the period of the June 2026 ceasefire, when the US had granted a sanctions waiver on Iranian oil as part of the Islamabad Memorandum, found those positions affected by the reimposition of sanctions within weeks of their establishment. The question of whether a contract entered into in compliance with the sanctions regime applicable at the time of formation remains enforceable when the sanctions regime changes before performance is a live issue that has no clearly established answer in English law and that will need to be addressed by the courts and arbitral tribunals hearing 2026 crisis disputes.

The interaction between ADGM's regulatory framework, US secondary sanctions, UK sanctions legislation, and EU autonomous sanctions is complex and, in some respects, unresolved. All of these regimes potentially apply to participants trading Gulf commodities, and they do not always point in the same direction. The FSRA has issued guidance on sanctions compliance, but that guidance predates the specific circumstances of the 2026 crisis and does not address the interaction between ceasefire-linked sanctions waivers and the ongoing obligations of regulated entities. Any new commodity exchange infrastructure established in ADGM will need to build sanctions screening, participant compliance obligations, and contract termination provisions for sanctions events into its rulebook architecture from the outset, informed by the specific lessons of 2026.

IV. THE LEGAL FRAMEWORK FOR WHAT COMES NEXT

ADGM's legal infrastructure has demonstrated during the 2026 crisis that it is capable of sustaining complex, high-value commodity market activity under conditions of extreme geopolitical stress. The ADGM courts, established in 2015 and applying English common law in its entirety,[13] have developed a body of jurisprudence over eleven years that gives the jurisdiction genuine precedential depth. The FSRA's regulatory framework covers commodity exchange infrastructure, clearing house operation, and environmental instruments. In September 2022 the FSRA introduced its Environmental Instrument classification, making ADGM the first jurisdiction in the world to regulate voluntary carbon credits as financial instruments. That classification, and the FSRA's Recognised Investment Exchange licensing regime under which IFAD operated, remain available to new market entrants without the need for new primary legislation, providing a comprehensive regulatory foundation for the next generation of Gulf commodity market activity.

ICE Clear Europe's clearing relationship with IFAD, proven through five years of operation and through the stress of the 2026 crisis itself, provides a model for how future exchange infrastructure in ADGM might access London clearing capability while remaining regulated in Abu Dhabi.[14] The interaction between FSRA regulatory oversight and FCA/Bank of England clearing house regulation is now well understood by participants, regulators, and practitioners, and provides a solid foundation for future arrangements.

The wider context in which this legal infrastructure will operate is one of significant and accelerating change. ADGM reported 57% growth in assets under management and over 13,000 active licences in Q1 2026,[15] figures that reflect the centre's growing attraction as a hub for international financial and commodity market activity. ADNOC's 6 July 2026 announcement of a global LNG marketing and trading platform in ADGM, targeting 47 million tonnes per annum of combined marketable LNG by 2035,[16] signals the scale of commodity trading activity that Abu Dhabi intends to anchor in its financial centre over the coming decade. The development of international carbon markets under Art 6 of the Paris Agreement, whose institutional framework is being further developed by the FSRA and at COP31 in Antalya in November 2026 and COP32 in Addis Ababa in 2027, creates regulatory and transactional work for which the FSRA's Environmental Instrument framework provides the jurisdictional foundation.[17]

The practitioner implications of these developments are clear. The legacy IFAD delivery disputes, the DP World Fujairah concession, the ADNOC LNG platform, the evolving carbon market regulatory framework, and the sanctions compliance questions generated by successive ceasefire cycles all require legal expertise that spans English common law, ADGM and FSRA regulation, DIFC financial services law, and the law of international commodity trading. That combination of expertise is not widely available at the Bar. Practitioners who develop it, grounded in a thorough understanding of what

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Biog box
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the 2026 crisis has exposed and what it has set in motion, will find themselves well positioned in a jurisdiction that is growing rapidly and whose legal complexity is increasing commensurately.

CONCLUSION

IFAD continues to operate and develop as an exchange beyond the Murban contract: equity index futures based on MSCI Gulf and South Asian indices have traded on IFAD since February 2025, and the exchange's institutional infrastructure and FSRA regulatory licence provide the foundation for the multi-asset development that the legal questions identified in this article will increasingly engage. It does not mark the end of the story. The legal consequences of the IFAD era, and of the 2026 crisis that brought it to a close, will occupy the ADGM courts, the DIFC courts, and London arbitral tribunals for years. The infrastructure investments and institutional developments that the UAE has made in response to the crisis, which are a matter of public record and which this article has sought to analyse from a legal perspective, will generate transactional and dispute resolution work of a scale and complexity that the UAE legal market has not previously encountered. Practitioners who engage seriously with this jurisdiction now, when the legal framework is being shaped by novel circumstances and when the precedents that will govern future disputes are being established, have an unusual opportunity to contribute to that development and to build a practice at its centre.■

The analysis in the article is based entirely on publicly available sources, which are cited throughout. The views expressed are the author's own. Nothing in this article constitutes legal advice.

1 ADNOC Press Release, 'ADNOC Updates Crude Oil Pricing Methodology', 31 July 2026, available at adnoc.ae.

2 ICE Futures Abu Dhabi, Circular 26/013, 'Changes to ICE Murban Crude Oil Futures Contract', 1 August 2026.

3 Middle East Economic Survey (MEES), 'The IFAD Murban Era Is Ending', August 2026.

4 ADNOC reported Murban OSP of $63.06/b in February 2026 and $110.75/b in May 2026. See ADNOC monthly OSP announcements, February-July 2026, available at adnoc.ae.

5 ICE Futures Abu Dhabi Rulebook, Rules I.17 and I.18 (ARC Delivery Panel provisions). The ADGM Financial Services Regulatory Authority (FSRA) granted IFAD recognition as a Recognised Investment Exchange: see ADGM, 'Intercontinental Exchange to launch new exchange in ADGM', 11 November 2019.

6 For the English law position on force majeure generally, see *RV Ward Ltd v Bignall* [1967] 1 QB 534; *Tandrin Aviation Holdings Ltd v Aero Toy Store LLC* [2010] EWHC 40 (Comm); *Seadrill Ghana Operations Ltd v Tullow Ghana Ltd* [2018] EWHC 1640 (Comm). The distinction between increased cost/difficulty and genuine impossibility is confirmed in *Classic Maritime Inc v Limbungan Makmur SDN BHD* [2019] EWCA Civ 1102.

7 UK Maritime Trade Operations reported tanker vessel traffic through the Strait of Hormuz falling from approximately 100 commercial vessels per day pre-war to fewer than 14 vessels per day by early July 2026. See UKMTO Advisory Notices, March-July 2026.

8 On the governing law position for OTC oil trading contracts, see BP Oil International GTCs (2020 edition) and Shell International Trading GTCs (2018 edition), both of which specify English law and London arbitration. For the chain-of-title dispute involving Shell, PetroChina, TotalEnergies, Mercuria and CNOOC, see Reuters, 'Oil traders face multibillion dollar dispute over Murban deliveries', April 2026.

9 UAE Federal Decree No 12 of 2026 (withdrawal from OPEC and OPEC+ alliance with effect from 1 May 2026). ADNOC had stated a production capacity of 4.85 million barrels per day and a target of 5 million barrels per day by 2027: see ADNOC Annual Review 2025.

10 DP World and Fujairah Ports Authority, Preliminary Concession Agreement for Al Rugaylat and Dibba Terminals, signed 22 July 2026, witnessed by HH Sheikh Mohammed bin Hamad Al Sharqi, Crown Prince of Fujairah. See DP World Press Release, 22 July 2026.

11 The Habshan-Fujairah crude oil pipeline, operated by Abu Dhabi Crude Oil Pipeline LLC, has a current capacity of approximately 1.5 million barrels per day. Reports of capacity expansion consideration emerged in July-August 2026: see MEES, August 2026. West-East Pipeline construction confirmed at approximately 50% completion: see ADNOC infrastructure announcements, Q3 2026.

12 The US reimposed sanctions on Iranian oil sales by revoking the sanctions waiver granted as part of the June 2026 ceasefire framework, with effect from July 2026. See US Treasury Department, Office of Foreign Assets Control, Press Release, July 2026. For the interaction between US secondary sanctions and ADGM regulatory requirements, see ADGM FSRA Guidance on Sanctions Compliance, 2023.

13 The ADGM courts were established under Abu Dhabi Law No 4 of 2013. For the application of English common law within ADGM, see the Application of English Law Regulations 2015 (ADGM). The ADGM courts announced the appointment of The Right Honourable Lord Patrick Hodge as the new Chief Justice, following the retirement of The Right Honourable Lord David Hope of Craighead, effective 1 April 2026.

14 ICE Clear Europe is authorised and regulated by the Bank of England as a recognised clearing house under the Financial Services and Markets Act 2000 and is also recognised by the CFTC as a Derivatives Clearing Organisation.

15 ADGM reported 57% growth in assets under management and over 13,000 active licences in Q1 2026: see ADGM Press Release, 'ADGM Strengthens Position as MEASA's Leading IFC', Q1 2026.

16 ADNOC Press Release, 'ADNOC Launches Global LNG Marketing and Trading Platform', 6 July 2026, available at adnoc.ae.

17 ADGM Financial Services Regulatory Authority (FSRA), 'Environmental Instrument Classification', September 2022, introducing voluntary carbon credits as a class of financial instrument under the ADGM regulatory framework. COP31 is scheduled to be held in Antalya, Turkey from 9-20 November 2026. COP32 is scheduled to be held in Addis Ababa, Ethiopia in 2027.

18 *Standard Chartered Plc v Guaranty Nominees Limited* [2024] EWHC 2605 (Comm) (Foxton J; Sir Julian Flaux, Chancellor). The court applied the implied term test from *Marks & Spencer plc v BNP Paribas Securities Services Trust Co (Jersey) Ltd* [2015] UKSC 72 and held LIBOR to be pricing machinery rather than substantive entitlement, implying a term that a reasonable alternative rate would apply. The distinction between commercially and regulatorily driven benchmark transitions, and its effect on whether price review clause rights are engaged, remains to be addressed by the courts.