

Federal Decree- Law No. (14) of 2018
Concerning the Central Bank and the Regulation of Financial Institutions
and Activities

We Khalifa bin Zayed Al Nahyan **President of the United Arab Emirates,**

- Having reviewed The Constitution;
- Federal Law No. (1) of 1972 Concerning Competencies of Ministries and Powers of Ministers, as amended;
- Federal Law No. (5) of 1975 Concerning Commercial Registry;
- Federal Law No. (10) of 1980 Concerning the Central Bank, The Monetary System, and The Regulation of the Banking Profession, as amended;
- Civil Transactions Law enacted by Federal Law No. (5) of 1985, as amended;
- Federal Law No. (6) of 1985 Concerning Banks, Financial Institutions, and Islamic Investment Companies;
- Penalty Law Enacted by Federal Law No. (3) of 1987, as amended;
- Law of Evidence in Civil and Commercial Transactions enacted by Federal Law No. (10) of 1992, as amended;
- Civil Procedure Law enacted by Federal Law No. (11) of 1992, as amended;
- Commercial Transactions Law enacted by Federal Law No. (18) of 1993;
- Federal Law No. (4) of 2000 Concerning the Emirates Securities and Commodities Authority and Market, as amended;
- Federal Law No. (4) of 2002 Criminalizing Money Laundering, as amended;
- Federal Law No. (8) of 2004 Concerning Financial Free Zones;
- Federal Law No. (17) of 2004 Concerning Combating Commercial Concealment;
- Federal Law No. (1) of 2006 Concerning Electronic Commerce and Transactions;
- Federal Decree by Law No. (4) of 2007 Establishing the Emirates Investment Authority (EIA), as amended;

- Federal Law No. (6) of 2007 Establishing Insurance Authority and Organizing its Operations, as amended;
- Federal Law No. (6) of 2010 Concerning Credit Information;
- Federal Law No (1) of 2011 Concerning the State Public Revenues;
- Federal Decree by Law No. (5) of 2011 Organizing Boards of Directors, Boards of Trustees, and Committees of the Federal Government;
- Federal Law No. (8) of 2011 Reorganizing the State Audit Institution (SAI);
- Federal Decree by Law No. (8) of 2011 Rules of Preparing General Budget and Final Accounts;
- Federal Law No. (4) of 2012 Regulating the Competition;
- Federal Decree by Law No. (5) of 2012 Concerning Combating Information Technology Crimes, as amended;
- Federal Decree by Law No. (7) of 2014 Combating Terror Crimes;
- Federal Law No. (12) of 2014 Reorganizing the Auditors' Profession;
- Federal Law No. (2) of 2015 Concerning Commercial Companies, as amended;
- Federal Decree by Law No. (9) of 2016 Concerning Bankruptcy;
- Federal Law No. (20) of 2016 Concerning Mortgaging of Movable Properties as Security for Debts;
- Federal Law No. (7) of 2017 Concerning Tax Procedures;
- Federal Decree by Law No. (9) of 2018 Concerning the Public Debt;
- Federal Decree by Law No. (10) of 2018 Concerning Netting; and
- Based on the proposal of Minister of Finance and approval by the Cabinet;

Hereby decree as follows:

Article (1)

Definitions

In application of the provisions of this Decree by Law, the following words and expressions

shall have the meanings assigned thereto respectively unless otherwise required by the context:

The State or UAE	: United Arab Emirates
The Government	: the Federal Government
The Ministry	: Ministry of Finance
The Minister	: Minister of Finance
The Central Bank	: the Central Bank of UAE
The Regulatory Authorities in the State	: The Central Bank and the Securities and Commodities Authority (SCA)
The Board of Directors	: Board of Directors of the Central Bank
The Governor	: Governor of the Central Bank
The Public Sector	: The Federal Government, Governments of Emirates that are Members at the Federation, authorities, institutions and public companies fully owned thereby which provide public services and do not primarily practice any activities pertaining to Money and Capital Markets.
Government-Affiliated Entities	: The legal person wherein either the government, any government members of the Federation, or any of the companies affiliated thereto owns more than fifty percent (50%) of its capital.
Financial Free Zones	: Free Zones governed by the provisions of Federal Law No. (8) of 2004 Concerning Financial Free Zones, and the Laws amending thereto.
Licensed Financial Institutions	: Banks and other financial institutions licensed under the provisions of this Decree by Law to perform one or more of the Licensed Financial Activities, including those performing all or part of its activities in accordance with the provisions of Islamic

	Law, provided that said institutions are incorporated inside the UAE or other Jurisdictions, or have branches, subsidiaries or representative offices thereto inside the UAE
Banks	: Any legal person licensed in accordance with the provisions of this Decree by Law to perform the "accept deposits" as a main activity in addition to any other Licensed Financial Activities.
Other Financial Institutions	: Any legal person, other than banks, licensed in accordance with the provisions of this Decree by Law to perform one or more licensed financial activity.
Higher Sharia Authority (HSA)	: The Authority referred to in Article (17) of this Decree by Law.
Money Exchange House	: The legal person licensed in accordance with this Decree by Law to perform the activities of cash exchange, monetary transfers within or outside the UAE and any other businesses to be defined by the Central Bank.
Representative office	: An office licensed in accordance with the provisions of this Decree by Law to represent a financial institution incorporated in other jurisdictions.
Licensed Financial Activities	: Financial activities licensed and controlled by the Central Bank as set forth in Article (65) of this Decree by Law.
Authorized Person	: Any natural person authorized in accordance with the provisions of this Decree by Law to perform any of the Designated Tasks.
Designated Tasks	: Tasks of the authorized person who performs them at any Licensed Financial Institution or for the interest thereof which affect the activity of the institution.
Central Bank's Own Funds	: The Capital and reserves of the Central Bank referred to in Article (5) hereof.
Foreign-Exchange	: Foreign assets held by the Central Bank denominated in any reserve currency. Such assets are held to cover the Bank's

e Reserves	liabilities.
Primary Dealers	: Any bank that purchases, sells, or recovers any securities issued by the Public Sector inside the UAE either for itself or on behalf of third party in accordance with the terms and conditions developed by the Central Bank.
Standing Facilities	: Monetary policy instruments that are available to a Licensed Financial Institution to enable the latter to manage its liquidity, in accordance with the controls and instructions issued by the Central Bank and based on the provisions of this Decree-Law.
Financial Infrastructure System	: Means either (1) Clearing and Settlement, or (2) Retail Payment System whether established, operating, licensed or controlled by Regulatory Authorities of the State.
Designated System	: The infrastructure system designated by the Central Bank to have a regulatory importance in accordance with the provisions of this Decree by Law.
Clearing and Settlement System	: Any system established for the following purposes: (1) clearing or payment of liabilities, or (2) clearing or settlement of liabilities concerning transfer of certain book securities or transfer of those securities.
Retail Payment System	: Any system intended to transfer moneys, instruments, mechanisms and related arrangements whereby large volume of payments of relatively low value in the form of cheques, credit transfers, direct debits, or Payment Card Operations are handled.
Stored Value Facility (SVF)	: Non-cash facilities in an electronic or magnetic form purchased by the user to be used as a payment mean for commodities and services.
Participant	: In connection with financial infrastructure, it means any person who is a party to the arrangement for which the system is created.
Settlement	: In connection with financial infrastructure, it means the person

Institution	who (1) provides settlement accounts for the participants, and for any central settlement mediator in capital markets within the clearing and settlement system in order to settle transfer orders via the system, and provides credit facilities for settlement purposes, if necessary, or (2) provides settlement services to any retail payment system.
Default Arrangements	: In connection with financial infrastructure, it means system arrangements to limit systemic risks and other risks in case of the presence of a Participant in the system who is or is likely to become unable to fulfill his transfer-order liabilities. These arrangements include any arrangements made by the system operator or its settlement institution for: (1) netting of liabilities accrued for or by the participant, (2) closing the open financial position of a participant, or (3) liquidating collateral securities to secure payment of liabilities owed by the participant.
Transfer Order	: In connection with Financial Infrastructure System, shall mean any of the following instructions: <ol style="list-style-type: none"> 1. Instructions by a Participant to make funds at the disposal of another Participant, to be transferred, on a book-entry basis, in the accounts of the Settlement Institution for a Clearing and Settlement System; 2. Putting the funds in another way under the control of a Participant pursuant to the rules and procedures of the Financial Infrastructure System; 3. Instructions to discharge from liability to pay for the purposes of the operational rules of a clearing and Settlement System; 4. Instructions by a Participant either to settle an obligation by way of transferring book securities, or transferring those securities; 5. Instructions by a Participant which gives rise to assuming

responsibility or discharge from the obligation to pay the amounts owed for retail operations.

Netting : In connection with Clearing and Settlement System, means the conversion of the various liabilities owed to or by a Participant by or towards all the other Participants in the system into one net liability owed to or by the Participant.

Mandatory Reserve : The percentage of deposits existed at licensed financial institutions received the deposit which the Board of Directors may decide to be retained by the Central Bank as per the terms and conditions developed thereby.

Eligible Securities : Securities approved by the Central Bank and which the Licensed Financial Institution may present as collaterals for withdrawal from the Central Bank's funds, in accordance with the controls and instructions issued by the Central Bank and based on the provisions of this Decree-Law.

Currency : The UAE official national currency in the form of paper notes, metal coins and digital currency, and its unit is referred to as the "Dirham".

Monetary Base : It includes the following: (1) Issued Currency; (2) Aggregate balances of current accounts of Licensed Financial Institutions with the Central Bank including the Mandatory Reserve, in addition to any other funds deposited with the Central Bank for clearing and settlement operations; and (3) the outstanding balance of securities and financial instruments issued by the Central Bank.

Grievances and Appeals Committee : The committee referred to in Article (136) of this Decree by Law.

Person : Any natural or legal person, as the case may be.

Year : Calendar year.

Part One
The Central Bank
Chapter One
Organization and Objectives of the Central Bank
Article (2)

Autonomy of the Central Bank

1. The Central Bank shall be considered a Federal public institution having its own legal personality. It shall enjoy the financial and administrative autonomy, and the legal capacity required to conduct all duties and activities ensuring the achievement of its objectives.
2. The Central Bank shall not be governed by the provisions of laws pertaining to public finance, tenders and auctions, public audit and public offices. It shall be governed by its own regulations in these respects.
3. The functions of State Audit Institution (SAI) as per Federal Law No. (8) of 2011 Regarding Re-organization of the State Audit Institution, shall be confined to post-audit of the Central Bank works. It may not interfere with running the Central Bank works, nor challenge its policies.

Article (3)

The Central Bank Headquarters

The headquarters of the Central Bank and its official address shall be located in the UAE capital. By virtue of the Board of Directors' approval, the Central Bank may establish subsidiaries and open branches, offices and agencies thereof inside and outside the UAE. It may appoint agents and correspondents inside and outside the UAE.

Article (4)

Main Objectives and Functions of the Central Bank

The Central Bank shall aim at achieving the following objectives:

1. Maintaining stability of the national Currency within the framework of the monetary

system;

2. Contributing to the promotion and preservation of stability of the financial system in the State;
3. Ensuring prudent management of the foreign exchange reserves of Central Bank; and
4. Creating an appropriate environment to develop and enhance the role of the insurance industry in insuring individuals, property and liabilities against risks in order to protect the national economy, encourage fair and effective competition, provide the best insurance services at competitive prices and coverage, and localize jobs in the insurance market.

For the purpose of achieving its objectives, the Central Bank shall undertake the following functions and competencies:

- a. Developing and implementing the monetary policy, taking into consideration the general strategy of the State;
- b. Exercising the right of currency issuance;
- c. Regulating Licensed Financial Activities, establishing the foundations for carrying out such activities, and determining the standards required for developing and promoting prudential practices in accordance with the provisions of the present Decree-Law and international standards;
- d. Setting up appropriate regulations and standards for protection of customers of Licensed Financial Institutions;
- e. Monitoring the credit status in the State to contribute to achieving balanced growth of the national economy;
- f. Managing foreign exchange reserves to hold, at all times, sufficient reserve assets denominated in foreign currencies to cover the Monetary Base in accordance with the provisions of the present Decree-Law;
- g. Regulating, developing, supervising and maintaining soundness of the Financial Infrastructure in the State, including electronic payment systems, digital currency, and Stored Value Facilities;
- h. Regulating, developing and supervising the insurance sector and business, and proposing and implementing the legislation governing the same;

- i. Receiving applications for establishing and opening branches and representative offices of insurance and reinsurance companies, insurance agents and related professions, and issuing the required licenses in accordance with the legislation governing the same;
- j. Protecting the rights of the insured and beneficiaries of insurance business and monitoring the solvency of insurance companies to provide adequate insurance coverage in order to protect such rights; and
- k. Working on improving the performance and efficiency of insurance companies and obliging them to abide by the code of professional conduct and ethics in order to enhance their capacity to better serve beneficiaries of insurance and create positive competition among them.

Chapter Two

Capital, Reserves and Accounts of the Central Bank

Article (5)

Capital and Reserves

1. The capital of the Central Bank shall be Twenty Billion Dirhams (AED 20,000,000,000);
2. A sum of Seventeen Billion, Five Hundred Million Dirhams (AED 17,500,000,000) shall be transferred from the General Reserve Account to increase the capital to the limit aforementioned in Clause (1) of this Article;
3. The capital may be increased by virtue of a federal decree based on a proposal of the Board of Directors presented by the Minister and approved by the Cabinet. Such increase shall be paid either by way of transfer from the General Reserve Account or directly by the Government;
4. The capital of the Central Bank may be reduced only by virtue of a law;
5. The Central Bank shall create a General Reserve Account which balance may not exceed quadruple (4 times) of the paid-up capital aforementioned in Clause (1) of this Article. Thereafter, the remaining net profits shall automatically be transferred to Government;
6. By the end of each fiscal year, the Board of Directors shall determine the Central Bank's annual net profits after deducting administrative and operational expenses, and allocating necessary funds accounting for depreciation of assets, reserves, provisions to

face the bad and doubtful debts, end of service benefits for the Central Bank staff, along with the contingencies and/or for all other purposes as may be determined by the Board of Directors, in addition to all other financial encumbrances normally deductible by banks from their net profits, in general. The net profits for each fiscal year shall be deposited in the General Reserve Account;

7. The Cabinet shall issue a resolution specifying the percentage of profits to be retained by the Central Bank until the total balance of the General Reserve Account reaches the limit aforementioned in Clause (5) of this Article;
8. Should the balance of the General Reserve Account at end of any fiscal year be insufficient to cover the losses of the Central Bank, the Government shall cover such deficit.

Article (6)

Fiscal Year

The Central Bank's Fiscal Year shall begin on the first of January and shall end on the thirty-first of December of every year.

Article (7)

Organizing Operations and Accounts

The Central Bank operations shall be performed, and the balance sheet and accounts shall be prepared and maintained in accordance with the international standards and banking rules and practices. The Central Bank's transactions with third parties shall be considered commercial.

Article (8)

Accounts Auditing

Board of Directors shall appoint and determine remuneration of one or more auditors to be selected periodically to audit the accounts of the Central Bank.

Article (9)

Accounting Statements and Reports to be submitted

1. The Central Bank shall submit an annual report on the following within three (3) months as of the end of the fiscal year:
 - a. Final accounts of the Central Bank endorsed by the auditors. Said accounts shall be published in the Official Gazette;
 - b. Activities and business of the Central Bank throughout the year;
 - c. An overview of monetary, banking and financial developments in the UAE.
2. The Central Bank shall submit the following to the Minister:
 - a. A copy of the annual report aforementioned in Clause (1) of this Article;
 - b. The information required by the Minister regarding monetary, banking and financial developments in the UAE, in addition to a bi-annual report on all aspects pertaining to said developments;
 - c. A quarterly statement of the assets and liabilities of the Central Bank. Said statement shall be published in the Official Gazette.

Chapter Three

Management of the Central Bank

Section One

Board of Directors

Article (10)

Board Member

The Central Bank shall be managed by a Board of Directors comprised of (7) members including the Chairman of the Board and the Governor.

Article (11)

Appointment of Board Members

1. The Members of the Board of Directors shall be appointed by a Federal Decree based on a Recommendation of the Cabinet for a four-year term, renewable for similar periods,

and the Decree shall designate from among the Members of the Board the Chairman of the Board and one or more Deputies.

2. The Chairman of the Board and the Deputies thereof and the Governor shall be appointed on a Minister grade.
3. The Chairman of the Board shall issue a resolution to determine the powers of his deputies.
4. Subject to the provisions of Clause (3) of this article, the Deputy Chairman of the Board shall replace the Chairman of the Board in the event of his absence or his position being vacant; likewise, the Governor shall replace the Chairman of the Board and his Deputies in the case of their absence or their position being vacant.

Article (12)

Conditions of Membership

The following conditions shall be fulfilled by the board member:

1. Shall be an Emirati national;
2. Shall be an expert in economic or financial or banking affairs;
3. May not have been declared bankrupt or ceased to repay his debts;
4. May not have been convicted of a crime or misdemeanor involving moral turpitude or dishonesty unless he is rehabilitated;
5. Shall not be a working Minister except for the Chairman of the Board of Directors;
6. Shall not be a member of the Federal National Council (FNC);
7. Shall not be occupying any job, or position, or be a member of a board of directors of any institution licensed by any regulatory authority in the UAE or by any other regulatory authority in the financial free zones;
8. Shall not be a reviewer or auditor of accounts of a Licensed Financial Institution, or an owner or agent or a partner of any accounts auditing companies.

Article (13)

Resignation or Vacancy of a Position

In case that a board member files his/her resignation or his/her position becomes vacant for

any reason, a successor shall be appointed for the remaining period of the term of office of the Board in accordance with the membership conditions aforementioned in Article (12) of this Decree by Law.

Article (14)

Termination of Membership

1. Board membership shall terminate by the expiry of the board membership term without renewal, or by death or resignation of a board member. It may be terminated also by virtue of Federal Decree to be enacted upon approval of the Cabinet in the following cases:
 - a. If the board member commits serious mistakes in the management of the Central Bank or commits a serious violation to his duties;
 - b. If the member does not attend three (3) consecutive board meetings without the Board's approval, unless such absence is due to an official duty, annual or sick leave, or for an acceptable excuse;
 - c. If the member ceases to fulfill any of the membership conditions aforementioned in Article (12) herein;
 - d. If the member becomes unable to perform his duties for any reason.
2. Board members shall continue to perform their duties after expiry of their term of membership without extension until new members are appointed.

Section Two

Terms of Reference and Meetings of the Board of Directors

Article (15)

Powers and Duties of the Board of Directors

The Board of Directors shall enjoy, within the limits defined by the provisions of this Decree-Law, full powers to achieve the objectives of the Central Bank. In particular, the Board of Directors shall:

1. Approve the regulations, rules, standards, instructions and work controls to perform its

tasks and functions, and take all measures and actions necessary to implement the provisions of this Decree-Law;

2. Formulate policies concerning the use and management of private funds and the Central Bank's assets, and supervise the implementation of such policies;
3. Decide on issues pertaining to the issuance of currency and the withdrawal thereof from circulation;
4. Issue the regulations regulating Licensed Financial Activities and decide on the issues pertaining thereto, including control and supervision regulations and procedures and specify terms and rules related to granting licenses for practicing Licensed Financial Activities and permits for practicing the Designated Tasks;
5. Approve the regulations, rules, standards, instructions and work controls related to insurance, reinsurance, insurance agents and professions and activities related thereto;
6. Formulate policies and approve regulations pertaining to prudential regulation, standards and guidelines concerning Licensed Financial Activities;
7. Develop the regulations and standards on the protection of Licensed Financial Institutions' customers;
8. Approve the regulations, controls and procedures needed to counter money laundering and combat the financing of terrorism and unlawful organizations;
9. Take necessary measures and actions and impose administrative penalties against any person violating the provisions of this Decree-Law or the regulations issued in implementation hereof;
10. Approve the regulations and rules pertaining to the maintenance of integrity and efficiency of financial infrastructure systems licensed, established, developed or operated by the Central Bank;
11. Adopt risk management and compliance policies of the Central Bank;
12. Adopt the Articles of Association of the Central Bank, issue the organizational structure and administrative, financial and technical regulations and specify powers and competences within the limits of the provisions of this Decree-Law;
13. Adopt HR policies of the Central Bank;
14. Approve corporate governance rules of the Central Bank, including a collection of rules

and regulations aiming at achieving quality and excellence of performance, in line with the government strategic plans and their objectives;

15. Decide on loans and advances granted to the Government, pursuant to the provisions of this Decree-Law;
16. Approve settlements and reconciliations pertaining to the Central Bank's functions;
17. Approve the Central Bank's draft annual budget and approve any amendments thereto throughout the year;
18. Approve annual final accounts of the Central Bank and annual net profits;
19. Establish an objection mechanism related to the insurance activity, pursuant to the legislation regulating the same; and
20. Examine all other issues falling within the scope of its powers and which would achieve the objectives and perform the functions of the Central Bank pursuant to the provisions of this Decree-Law.

Article (16)

Formation of Committees and Delegation of Powers

1. The Board of Directors may form committees, as deemed appropriate, to assist the Board of Directors in performance of its tasks and competencies pursuant to the provisions of this Decree by Law. Said committees may be formed from within or outside the Board of Directors. Also, the Board of Directors may form consultancy committees and councils comprising persons from outside the Central Bank and may define the remunerations of members of said committees and councils;
2. The Board of Directors may delegate some of its powers to the Chairman, the Governor, or to any committee formed from within the Board of Directors;
3. The Board of Directors may review competencies and performance of committees formed pursuant to Clause (1) of this Article annually. It may take appropriate actions to cause said committees adhere to professional and international standards, and to work and governance controls.

Article (17)

The Higher Sharia Authority (HSA)

1. Pursuant to this Decree-Law, a sharia authority called the "Higher Sharia Authority (HSA)" shall be established and report to the Central Bank. The members of such Authority shall not be less than five (5) members and not more than seven (7) members from among experts and specialists in the jurisprudence of financial Islamic transactions.
2. The Board of Directors shall approve the Authority's working system, functions, competences and the mechanism for funding costs of its establishment and continuation of operation.
3. The Governor shall issue a resolution whereby the HSA shall be formed and the members thereof shall be appointed.
4. Licensed Financial Institutions performing all or part of their business and activities according to the Rules of Islamic Sharia shall bear all expenses of the Authority aforementioned in Clause (1) of this Article, including allowances, remunerations and expenses of its members, as decided by the Board of Directors.
5. The HSA shall develop the rules, standards and general principles applicable to licensed financial business and activities in compliance with the Rules of the Islamic Sharia. It shall control and supervise internal Sharia audit committees of the Licensed Financial Institutions referred to in Article (79) of this Decree-Law.
6. The HSA shall approve Islamic monetary and financial instruments issued and developed by the Central Bank to manage monetary policy operations in the State. It shall express its opinion on regulatory bylaws and instructions regarding business of Licensed Financial Institutions that perform all or part of their business and activities in accordance with the Rules of the Islamic Sharia.
7. Islamic advisory opinions "Fatwa" and opinions of the HSA shall be binding on the internal Sharia audit committees, referred to in Article (79) hereinafter, and to Licensed Financial Institutions performing all or part of their business and activities in accordance with the Rules of the Islamic Sharia.
8. The HSA may seek the assistance of a specialized entity, if necessary, to conduct the external Sharia audit of the business of any Licensed Financial Institution performing all

or part of their business and activities in accordance with the Rules of the Islamic Sharia and conditions and procedures set by the HSA at the expense of the relevant institution.

Article (18)

Appointment of Senior Officials at the Central Bank

The Board of Directors, upon nomination by the Governor, may appoint senior Central Bank Officials, with titles of deputy, assistant governors, or any other titles deemed appropriate by the Board of Directors. The decision whereby said deputies and assistants are appointed shall determine their competences, salaries, and remunerations.

Article (19)

Full-Time Employment at the Central Bank

1. The Governor, his deputies and assistants shall work at the Central Bank on a full-time basis. None of them may hold any paid or unpaid position at, or be a member of the Board of Directors of, any of the Regulatory Authorities in the UAE, or in the Financial Free Zones; or be a member of the board of directors of any Licensed Financial Institution. They may not be a direct or indirect party to contractual obligations concluded by the public sector;
2. The prohibition aforementioned in Clause (1) of this Article shall not apply to any tasks entrusted to any of the aforementioned officials by the Government in the Public Sector, including representation in international conferences, or representation of the Public Sector on the various committees. This shall be subject to the approval of the Board of Directors.

Article (20)

Remunerations and Benefits

The Board of Directors shall develop a system regarding remunerations, other benefits of the Governor and the remunerations of the Chairman and board members. A Federal Decree shall be issued in respect of the same.

Article (21)

Board Meetings

1. The Board of Directors shall hold an ordinary meeting, at least once every sixty (60) days upon invitation by the Chairman.
2. The Chairman of the Board may convene the Board whenever necessary.
3. The Chairman of the Board shall convene the Board of Directors upon request of the board members of at least three (3).

Article (22)

Quorum for Meetings

1. The Meeting of the Board of Directors shall not be valid unless attended by at least five members including the Chairman, a deputy Chairman of the Board or the Governor.
2. The Decisions of the Board of Directors shall be issued by the majority of attending votes and in the case of a tie, the Chairman of the Board shall have a casting vote.

Section Three

Powers of the Chairman of the Board and of the Governor

Article (23)

Powers of the Chairman of the Board

Without prejudice to the powers and competences of the Chairman of the Board of Directors, the Governor shall be the legal representative of the Central Bank and shall sign, on its behalf, all instruments, contracts and documents.

Article (24)

Responsibilities of the Governor

Without prejudice to any competences vested in the Board of Directors or the Board Chairman, the Governor shall process all affairs of and manage the Central Bank, issue regulations, statutes and policies approved by the Board of Directors and issue decisions necessary for the implementation thereof. The Governor shall be responsible for

implementing this Decree-Law, the Central Bank's Statutes and the Board resolutions. He may delegate any of his powers and competences to any of his deputies, assistants or some senior officials of the Central Bank.

Section Four

Other Provisions

Article (25)

Exemption from Liability

1. The Central Bank, Board Member, members of committees formed by the Board of Directors, whether from among or from outside the Board of Directors, the staff of the Central Bank and its duly authorized representatives shall all be exempted from civil liability towards third parties in respect of the following:
 - a. Performance, or failure to perform the tasks, powers, authorities and business of the Central Bank, or their own tasks, powers, and authorities, and all related practices;
 - b. The instructions, guidelines, declarations, data, statements and opinions given thereby in relation to performance of the Central Bank's tasks, powers, authorities and business, or their own tasks, powers, authorities and business.
2. They shall be exempted from these liabilities unless bad faith with the intention to cause harm to third parties is proven. The Central Bank shall bear all charges, costs, expenses, and attorney fees incurred in connection with defending the persons aforementioned in Clause (1) of this Article in lawsuits pertaining to performance of their duties at the Central Bank.

Article (26)

Confidential Information

1. The board members, members of committees formed by the Board of Directors, employees or representatives of the Central Bank, experts, technicians, and academic persons with whom the Central Bank deals may not disclose any of the information banned to be disclosed unless disclosure thereof is made pursuant to the provisions of

Clause (3) of this Article. This ban shall remain in effect until termination of membership or service or end of the task;

2. All and any information made available to any of the persons aforementioned in Clause (1) of this Article by virtue of their positions or in the course of performance of their duties shall be deemed confidential so long as they are not available to the public through formal or legal channels;
3. Information banned to be disclosed may be disclosed whenever such disclosure is permitted or required by law, or whenever such disclosure is made to entities or authorities inside the UAE or in other jurisdictions pursuant to provisions of Article (28) hereof.

Article (27)

Declaration of Conflict of Interests

1. Upon appointment thereof, and in case that any conflict of interests arises, board members shall declare their interests which may conflict with their membership of the Board of Directors. Should any board member have a personal interest in any transaction or contract whereto the Central Bank is party, such member shall declare such interest prior to discussing the issue, and shall withdraw from the meeting during which such transaction or contract is discussed. He may not participate in voting pertaining thereto. This shall be made in accordance with the code of conduct and governance rules issued by the Board of Directors.
2. Every employee or representative of the Central Bank shall disclose to his manager or his immediate superior any interest which may be in conflict with performance of his tasks. He may not participate in opinions expressed, decisions made or actions taken in this regard;
3. The Board of Directors shall formulate the code of conduct for employees and representatives of the Central Bank, as well as procedures of disclosure, compliance, and governance.

Article (28)

Cooperation with Local and International Authorities

1. Within the scope of its jurisdiction, and in accordance with the Law, the Central Bank may cooperate with the regulatory authorities concerned in other countries and with international institutions by way of providing assistance and exchanging information, subject to the following:
 - a. The request shall be based on the principle of reciprocity;
 - b. The request may not be in contravention of any laws and regulations in force in UAE;
 - c. The request shall be serious and important;
 - d. The request may not be in conflict with the public interest and order public requirements.
2. In coordination and collaboration with the regulatory authorities concerned, the Central Bank shall exercise its powers over Licensed Financial Institutions operating outside the UAE or in Financial Free Zones.

Article (29)

Seeking Assistance of Experts, Technicians, and Academic Persons

The Central Bank may seek assistance and define remuneration and allocations of experts, technicians, and academic persons. The Board of Directors may invite anyone to its meetings for consultation and opinion on certain issues, provided that such persons shall have no votes.

Article (30)

Publishing Draft Rules and Regulations

1. The Central Bank may publish the draft regulations and rules issued thereby in relation to the regulation of the business of Licensed Financial Institutions and Licensed Financial Activities in order to obtain opinion thereon by virtue of a public notice to the parties concerned.
2. The Central Bank may invite the parties concerned to express their opinions on the draft

rules and regulations aforementioned in Clause (1) of this Article, within the period specified by the Central Bank.

3. The Central Bank may decide not to publish the draft regulations aforementioned in Clause (1) of this Article if it deems such publication shall conflict with the public interest, with realization of the Central Bank's objectives or with implementation of its duties.

Chapter Four

Monetary Policy and Financial Stability

Article (31)

Monetary Policy Objectives

1. Monetary Policy aims to maintain soundness and stability of the monetary system in the UAE to ensure maintenance of required stability and confidence in the national economy.
2. The Central Bank shall determine monetary instruments and practical means for achievement of monetary policy objectives, including policies pertaining to management of the exchange rate of the national currency and pertaining to money markets in the UAE.
3. Upon proposal of the Board of Directors and approval of the Cabinet, the Central Bank shall determine the exchange rate regime for the national currency.
4. For operational purposes, the Central Bank may adopt measures necessary to manage and control the official exchange rate of the national currency as per the guidelines developed by the Board of Directors.

Article (32)

Mandatory Reserve

1. In line with the monetary policy objectives and the current and forecasted liquidity position, the Central Bank may determine to impose minimum Mandatory Reserve on each type of deposits or on total deposits held with Licensed Financial Institutions

receiving deposits. The Board of Directors shall determine the method of calculating the percentage of the mandatory reserve, as deemed appropriate thereby.

2. The Central Bank shall specify all operational arrangements concerning maintenance requirements of the Mandatory Reserve aforementioned in Clause (1) of this Article.

Article (33)

Control of Credit Positions

The Central Bank may develop and set regulations or rules specifying the maximum limits of credit transactions concluded between Licensed Financial Institutions and their customers as compared to their total stable resources or total deposits of their customers. Such limits may be applicable to a specific Licensed Financial Institution or to all Licensed Financial Institutions.

Article (34)

Coordination between Monetary and Fiscal Policies

The Central Bank and the Ministry shall formulate a mechanism for coordinating monetary and fiscal policies to achieve balanced growth in the national economy. Such coordination shall take place before the beginning of each fiscal year, and whenever necessary. The coordination shall be made in respect of volume of government expenditure, debts of the government and governments of emirates members of the Federation, Government-Affiliated Entities, and companies and institutions owned or managed by the government, or wherein the government holds shares, and coordination shall be made in respect of their plans regarding domestic and foreign public debt.

Article (35)

Designation of Systemically Important Licensed Financial Institution (SIFI)

The Central Bank shall have the sole power to define any Licensed Financial Institution as systemically important. In this course, the Central Bank may require the designated Licensed Financial Institution to take required measures and procedures.

Article (36)

Domestic Market Statistics

1. The Public Sector and other agencies, deemed appropriate by the Board of Directors, shall provide the Central Bank with all the information and statistics required for the purpose of performing the tasks entrusted thereto pursuant to the provisions of this Decree by Law. Such information and statistics shall include all monetary and economic statistics, as well as balance of payments statistics and consumer prices. The Central Bank may publish all or part of these statistics as deemed appropriate.
2. The Central Bank shall obtain the approval of other Regulatory Authorities in the UAE regarding accessibility to and/or publication of non-public information and statistics in relation to institutions regulated by of those authorities.

Article (37)

Research

1. The Central Bank may conduct research and analyses in areas of macro-economy, and management of monetary policy, and banking and financial operations of strategic importance to the UAE economy.
2. The Central Bank shall regularly publish and issue statistical reports, quarterly and annual reviews of the Central Bank briefs of policies and working papers that contain analyses of relevant data to verify soundness and effectiveness of policies decisions.

Chapter Five

Central Bank Operations

Section One

Operations with the Public Sector

Article (38)

Advisor to the Government

The Central Bank shall advise the Government on matters falling within its jurisdiction, and shall express its opinion on monetary, banking, and financial affairs whenever required by

the Government.

Article (39)

Financial Agent for the Government

1. The Central Bank shall take part in negotiations pertaining to the Government's international monetary and financial treaties. The Central Bank may be entrusted to implement the provisions of such treaties.
2. The Central Bank may, directly or through Primary Dealers, sell and manage securities issued or secured by the Government or governments of emirates members of the Federation pursuant to an agreement with the government concerned.

Article (40)

Government Bank

1. For the purposes of achieving objectives of its monetary policy, and to satisfy the needs of the Government and governments of emirates members of the Federation for national and/or foreign currencies, the Central Bank shall buy or sell foreign currencies from or to the government concerned and governments of emirates members of the Federation at prevailing exchange rates;
2. The Central Bank shall conduct and provide banking transactions and services for the Government, whether inside the UAE or in other jurisdictions in return for fees. The Central Bank may also perform and provide banking transactions and services for governments of member emirates of the Federation in return for fees;
3. The Government and governments of emirates members of the Federation shall open accounts in national and foreign currencies with the Central Bank, and shall make transfers through such accounts;
4. Government funds in national or foreign currencies shall be deposited with the Central Bank, and the latter shall pay or charge interest thereon in view of the prevailing market rates. Governments of emirates members of the Federation may also deposit funds in national or foreign currencies with the Central Bank, and the latter shall pay or charge

- interest thereon in view of the prevailing market rates;
5. Other Public Sector entities may deposit their funds in national or foreign currencies with the Central Bank. The Central Bank shall pay or charge interest thereon as determined by the Central Bank;
 6. The Central Bank may grant advances or other credit facilities to the Government at interest rates to be set in accordance with the terms and conditions of the agreement to be executed in this respect between the Central Bank and the Ministry, provided such advances and credit facilities are granted for the purpose of covering a temporary unforeseen deficit in Government revenues as compared to its expenditures. The Government may not re-grant such loans or advances to any other entity. Granted advances may at no time exceed ten percent (10%) of the government's average revenues realized in the budgets of the last three (3) years. The Government shall repay these advances within a period not exceeding one (1) year as of the date of being granted the same. In case of non-repayment of said advances on maturity date, the outstanding balance shall be subject to a late payment interest rate provided for in the agreement executed between the Central Bank and the Ministry;
 7. The Central Bank may subscribe to securities and debt instruments issued by the Government for maturities exceeding one (1) year, only in the cases determined by the Board of Directors. The Government shall repay the amounts due including interests on maturity dates. In case of late or early payment, an interest rate shall be imposed, as provided for in the debt agreement.

Article (41)

Investment and Use of Government Funds

Except for the funds deposited with the Central Bank in accordance with provisions of Article (40) of this Decree by Law, the Central Bank may not interfere in the investment and use of Government funds, or funds of governments of emirates members of Federation unless it has been entrusted to do so as per the agreement concluded by and between the government concerned and the Central Bank.

Section Two

Transactions with Financial Institutions, Monetary Authorities and other Central Banks

Article (42)

Opening Accounts and Keeping Balances of Digital Currency

First: The Central Bank may open the following accounts:

1. National or foreign currencies accounts for Licensed Financial Institutions and may take deposits therefrom. The Central Bank may pay or charge interest on such deposits as agreed upon;
2. Accounts for monetary authorities, other Central Banks, foreign banks, international financial and monetary institutions, Or Arab and international monetary funds. The Central Bank may pay or charge interest on such accounts, and may act as an agent or correspondent for these entities.
3. Accounts for monetary authorities, other Central Banks, foreign banks, international financial and monetary institutions, as well as Arab and international monetary funds.
4. The Central Bank may open any other accounts within the limits and subject to the rules and requirements issued by the Board of Directors.

Second: The Central Bank may keep other forms of financial accounts of digital currency whatever its kind within the limits and subject to the rules and requirements issued by the Board of Directors.

Article (43)

Money and Capital Markets Transactions

The Central Bank may conduct the following money and capital markets transactions:

1. Purchase, re-purchase, sell, and accept deposits of gold bullion or coins and precious metals;
2. Accept and take monetary deposits and pay or charge interest thereon pursuant to the provisions of Article (62) of this Decree by Law;
3. Issue bills payable on demand and other types of payable financial transfers at the

- Central Bank headquarters, branches, or offices of agents or correspondents thereof;
4. Conduct all foreign currency transactions and external transfers with the Government, governments of emirates members of the Federation, public entities, local and foreign banks, licensed money exchange houses, other monetary authorities and Central Banks, as well as other Arab and international financial institutions and funds;
 5. Issue securities in the name of the Central Bank, and sell, re-purchase, discount, rediscount, and redeem such securities for the purposes of monetary policy transactions management;
 6. Purchase, re-purchase, sell, discount and rediscount Eligible Securities and other securities related to the management of its own funds and/or Foreign-Exchange Reserves pursuant to the adopted terms and conditions;
 7. Purchase, re-purchase, and sell commodities and securities compliant with Sharia provisions in order to develop liquidity management instruments for Licensed Islamic Financial Institutions;
 8. Grant collateralized loans, advances, other credit facilities, and financing facilities compliant with the provisions of Islamic Sharia to Licensed Financial Institutions for the purpose of managing monetary policy transactions in accordance with the terms and conditions set from time to time and deemed appropriate by the Central Bank;
 9. Grant collateralized loans and advances to monetary authorities, Central Banks, foreign banks, and international financial institutions, and may obtain loans and advances therefrom, provided that such transactions be consistent with the Central Bank's functions and competencies. Interests or commissions may be paid or charged for this purpose;
 10. Obtain, guarantee or secure loans and advances, or grant credits in any currency, inside the UAE or in other jurisdictions, in accordance with the terms and conditions the Central Bank deems appropriate for conducting its own business;
 11. Conduct all other transactions which would help achieve the Central Bank's objectives.

Article (44)

Protection of Licensed Financial Institutions

The Central Bank shall take all necessary measures it deems appropriate to ensure proper functioning of Licensed Financial Institutions according to frameworks and limits set by the Board of Directors.

To that end, the Central Bank may:

- a. Call for the general meeting of the Licensed Financial Institution to discuss any issue the Central Bank deems important;
 - b. Request that any item the Central Bank deems required be listed on the agenda of the general meeting of the Licensed Financial Institution; and
 - c. Suspend the implementation of any decision issued by the general meeting of the Licensed Financial Institution if it violates laws and regulations in force.
2. The Central Bank may, at its sole discretion in urgent cases where the Licensed Financial Institution that receive deposits undergoes liquidity pressures or is under crisis management procedures, provide loans to such institutions to contribute to the enhancement and protection of the financial system and the protection of the monetary system in the State.

Article (45)

Appointment of Primary Dealers

1. The Central Bank shall set the rules regulating securities issued thereby or by the Government in coordination with various stakeholders. Such rules shall include issuance, custody, trading of these securities in the UAE.
2. The Central Bank may appoint Primary Dealers for securities issued inside the State whether by the Central Bank or by the Public Sector in accordance with the terms and conditions set by the Central Bank.
3. For the purpose of listing securities issued by the Public Sector in the State's stock markets, the Central Bank shall appoint Primary Dealers approved thereby who satisfy the requirements of the regulatory authority concerned.

Section Three

Investment of Foreign-Exchange Reserves and the Central Bank's Own Funds

Article (46)

Foreign-Exchange Reserves

In accordance with the instructions and rules stipulated in the investment policy and the guidelines approved by the Board of Directors, The Central Bank may invest the Foreign-Exchange Reserves in all or any of the following instruments:

1. Gold bullions, gold coins and other precious metals;
2. Paper notes and coins, call money, and deposits in foreign countries;
3. Securities issued or secured by governments of foreign countries and relevant bodies, or by international monetary and financial institutions.
4. Financial derivatives and other financial instruments required for the management of Central Bank's exposure to interest rates, exchange rates, credit, gold, and other precious metals rates;
5. Any other financial assets the Central Bank deems appropriate to invest therein as Foreign-Exchange Reserves, subject to approval of Board of Directors.

Article (47)

Own Funds

In accordance with the investment policy and guidelines set by the Board of Directors, the Central Bank may use or invest part of its Own Funds in the following manner:

1. Purchase and sell securities, and subscribe to loans issued or secured by the Public Sector, or buy shares in any entity wherein the Government or governments of emirates members of the Federation hold shares or is granted a privilege in the State;
2. Invest in investment projects and funds and financial institutions not licensed by the Central Bank; and
3. Possess real estate properties, equity and movable properties and all relevant issues.

Article (48)

Appointment of External Parties to Manage Foreign-Exchange Reserves and the Central Bank's Own Funds

The Central Bank may appoint external parties to manage its Foreign Reserves and Funds in accordance with the investment policy and guidelines set by the Board of Directors.

Chapter Six

Miscellaneous Provisions

Article (49)

Establishment of Commercial or Financial Companies and Institutions

In the course of achievement of its objectives and performance of its tasks provided for in Article (4) herein, the Central Bank may establish commercial and financial companies and institutions, or companies or institutions established for any specific purpose, either solely or in partnership with any other entities inside the State or in other jurisdictions. It may perform any commercial activity or own moveable and immoveable assets as per the controls issued by the Board of Directors.

Article (50)

Lien and Security for Special Rights

1. Debts of the Central Bank shall have the same lien of the Government debts over funds of its debtors. The Central Bank's debts shall be collected in the same method and by the same means prescribed for the collection of the Government debts and funds.
2. Except for the Mandatory Reserve aforementioned in Article (32) hereof, the Central Bank shall have a lien over the property of Licensed Financial Institutions for the payment of all its claims and dues of cash balances or assets which constitute collaterals for these claims and dues when falling due.
3. The Central Bank may purchase or own, by amicable agreement or by means of compulsory sale, real properties and movable assets to satisfy any of its debts. Such property shall be sold within the shortest possible time, unless the Central Bank decides

to use them to conduct its business pursuant to the provisions this Decree-Law.

4. The Central Bank shall obtain adequate collaterals for satisfying its rights, including pledge, mortgage or assignment.
5. If the Central Bank's secured rights are not fulfilled on the maturity date thereof, the Central Bank may, following the lapse of (10) ten days of the date on which the debtor is duly notified, proceed with the sale of the pledged assets, without prejudice to the Central Bank's right to initiate other legal proceedings against the debtor until its secured rights are fully fulfilled.
6. Pledged property shall be sold, pursuant to Clause (5) of this Article, by the competent court at the request of the Central Bank.
7. The Central Bank shall collect its dues from proceeds of the sale to be carried out pursuant to the provisions of Clause (6) of this Article. Should such proceeds exceed the amounts due to the Central Bank, the surplus shall be deposited in the Central Bank at the debtor's disposal without paying any interests.

Article (51)

Financial Exemptions

1. The Central Bank shall be exempted from the following:
 - a. Taxes, fees, and payments relevant to the capital, reserves, Currency issue, or income thereof;
 - b. Taxes, fees, and payments relevant to contributions, shares, or profits generated from companies and institutions wherein the Central Bank owns a share of its capital.
2. The Central Bank, the companies and institutions wherein it holds the majority of shares shall be exempted from bail bonds and court fees required by law.

Article (52)

Guardianship of Premises and Safe Transport of Funds and Assets

The Government shall provide security guards for the Central Bank to secure its premises, as well as the security escort needed for the safe transport of funds and valuables free of charge.

Article (53)

Dissolution of the Central Bank

The Central Bank may be dissolved only by virtue of a law specifying the manner and timing of liquidation thereof.

Part Two

Currency

Chapter One

Currency Unit and Issuance

Article (54)

Currency Unit

The official Currency of the UAE is "Dirham" and shall be referred as (? ? ?) in Arabic alphabets and as (AED) in Latin alphabets. Dirham is subdivided into one hundred (100) fills.

Article (55)

Currency Issuance

1. Issuance of Currency shall be a privilege granted exclusively to the State which shall be exercised solely and exclusively by the Central Bank.
2. No Person is allowed to issue or put into circulation paper banknotes, coins, or any instrument or cheques payable to bearer on demand which have the appearance of, or purporting or are likely to be confused with the currency, and may be circulated in the UAE or in any other country as a currency.

Article (56)

Currency Legal Tender

1. Paper banknotes and digital currency issued by the Central Bank shall be an absolute legal tender valid for payment of any amount up to their full face value.

2. Coins issued by the Central Bank shall be legal tender valid inside the UAE for payment of any amount up to its full face value but not exceeding fifty (50) Dirhams. Nevertheless, should such coins be presented to the Central Bank, the latter shall accept them without any limitation to their value.

Article (57)

Specifications, Features and Denominations of Currency

1. Paper banknotes issued by the Central Bank shall be of such denominations, designs, and specifications as well as features decided by the Board of Directors. Paper banknotes shall bear the signature of the Chairman of the Board.
2. The Board of Directors shall determine the weights, compositions, mix ratios, allowed variation, and all other specifications of coins as well as the quantities required to be minted of each denomination.
3. The Central Bank shall take the necessary procedures for printing paper banknotes aforementioned in Clause (1) of this Article, and minting coins aforementioned in Clause (2) of this Article, in addition to all matters pertaining to such printing, minting and safe-keeping of such paper banknotes and coins as well as relevant printing plates and coin dies.
4. The Central Bank shall issue the forms, specifications and designs of digital currency, requirements and conditions of possession and all other features decided by the Board of Directors.
5. The Central Bank shall publish resolutions whereunder Currency is issued pursuant to the specifications, designs and all other features in the Official Gazette.

Article (58)

Gold, Silver and Commemorative Coins

1. The Board of Directors shall set up the conditions for sale and purchaser of gold and silver coins with the Central Bank.
2. The Central Bank may issue commemorative banknote or coins for any party desiring for the same, as per the rules and conditions set by the Board of Directors.

3. The Board of Directors shall determine the specifications, fineness, weights, measurements, allowed variation and all other specifications of gold and silver coins, as well as quantities required to be minted for each denomination.
4. The Central Bank shall take necessary actions for minting gold and silver coins aforementioned herein, as well as all other matters related to minting and safekeeping these coins and the relative parts, plates and dies.

Chapter Two

Circulation and Withdrawal of Currency

Article (59)

Paper Banknotes

1. New paper banknotes shall be put into circulation by virtue of a resolution by the Board of Directors specifying denominations and quantities thereof. Such resolution shall be published in the Official Gazette and shall be communicated to the public via appropriate media.
2. The Board of Directors may, after approval of the Cabinet, withdraw from circulation any denomination of paper banknotes against payment of their face value. A resolution to this effect shall be published in the Official Gazette and shall be communicated to the public through appropriate media.
3. Paper banknotes withdrawal resolution shall specify the grace period within which exchange is allowed, provided that said period may not be less than three (3) months starting as of the date of publication of the resolution in the Official Gazette. Said grace period may be shortened to fifteen (15) days, if necessary.
4. Paper banknotes not presented for exchange prior to expiry of the grace period set forth in Clause (3) of this Article shall cease to be legal tender and may not be used for transactions. However, holders of such paper banknotes shall have the right to redeem them at their face value from the Central Bank within ten (10) years from the effective date of the withdrawal resolution. Paper banknotes not exchanged upon passage of said ten-year period must be taken out of circulation and their value shall be credited to Central Bank account.

5. Paper banknotes withdrawn from circulation pursuant to the provisions of Clause (4) of this Article shall be destroyed by the Central Bank in accordance with the instructions issued by the Central Bank in this respect.
6. The Central Bank shall be under no obligation to refund the value of any lost or stolen paper banknotes, and shall not accept or redeem the value of counterfeit paper banknotes.
7. The Central Bank shall pay value of torn, mutilated or imperfect paper banknotes satisfying the conditions of the Central Bank in this regard. Paper banknotes not satisfying those conditions shall be withdrawn from circulation without any compensation to bearers thereof.

Article (60)

Metal Coins

1. Metal coins of various denominations shall be put into circulation by virtue of a resolution by the Board of Directors specifying the quantities thereof. This resolution shall be published in the Official Gazette and shall be communicated to the public through appropriate media.
2. Any denomination of the metal coins aforementioned in Clause (1) of this Article may be withdrawn by virtue of a resolution by the Board of Directors and exchanged for payment of their face value. This resolution shall be published in the Official Gazette and shall be communicated to the public through appropriate media.
3. The withdrawal resolution shall specify grace period for exchanging withdrawn coins. Said period may not be less than six (6) months from the date of publication of the resolution to this effect in the Official Gazette.
4. Metal coins not exchanged prior to expiry of the period aforementioned in Clause (3) of this Article shall cease to be legal tender and may not be used for transactions. They shall be taken out of circulation and their value shall be credited to the Central Bank account.
5. Should metal coins lose their features, become mutilated, diminished or changed in shape for any reason other than normal use, the Central Bank shall withdraw such coins from circulation without compensating holders thereof.

Article (60) bis
Digital Currency

1. Board of Directors shall issue a resolution to introduce national digital currency into trading and to withdraw the same when its face value is paid. Such resolution shall be published in the Official Gazette and shall be announced to the public in appropriate media.
2. The Bank shall not be responsible to refund the value of any digital currency that is missing, stolen or manipulated. The Bank shall not accept any counterfeit currency or pay its consideration.

Article (61)
Currency Mutilation, Destruction and Shredding

No Person is permitted to mutilate, destroy or shred Currency in whichever manner. The Board of Directors shall issue regulations on replacement of mutilated, destroyed or shredded Currency.

Chapter Three
Monetary Base

Article (62)

Monetary Base Cover

The Central Bank shall, at all times, hold reserves of foreign assets to cover the Monetary Base pursuant to the provisions of Article (63) of this Decree-Law and such reserves of foreign assets shall consist of one or more of the following:

1. Gold bullions and other precious metals;
2. Cash assets and deposits, and other monetary and payment instruments denominated in foreign currencies that are freely convertible in global financial markets, including digital currencies issued by the Central Banks and other monetary authorities.
3. Securities denominated in foreign currencies issued or guaranteed by foreign governments and the companies, entities, institutions, and agencies affiliated thereto, or by in-

ternational monetary and financial institutions, or by multinational corporations, provided said securities be tradable in global financial markets.

Article (63)

Foreign-Exchange Reserves for the Monetary Base Cover

1. The market value of the Foreign-Exchange Reserves balance aforementioned in Article (62) of this Decree by Law shall not, at any time, be less than seventy percent (70%) of the value of the Monetary Base.
2. The Board of Directors may reduce the Monetary Base Cover percentage aforementioned in Clause (1) of this Article for a period not exceeding twelve (12) months.

Part Three

Regulation of Licensed Financial Institutions and Activities

Chapter One

General Provisions

Article (64)

Prohibition of Performing or Promoting Financial Activities without a License

1. Licensed Financial Activities may be carried on inside or from within the UAE only pursuant to the provisions of this Decree by Law, the regulations and resolutions issued in implementation thereof.
2. Promotion of any of the Licensed Financial Activities and financial products may be performed inside or from within the UAE only pursuant to the provisions of this Decree by Law, the regulations and resolutions issued in implementation thereof. The promotion referred to in this item shall mean any form of communication, by any means, with the intention to call for or to offer entry into any transaction, or an offer to conclude any agreement concerning any of the Licensed Financial Activities.
3. The Board of Directors may issue the regulations, rules, standards and directives

prohibiting performance of any of the Licensed Financial Activities without prior licensing, and prohibiting promotion of Licensed Financial Activities and financial products. The Board of Directors may take all necessary measures and actions in this regard.

4. The Board of Directors may exempt any activities, practices, or natural or legal persons, either in general or in particular, from said prohibition to perform or promote Licensed Financial Activities.

Chapter Two

Licensing

Section One

Financial Activities Subject to Licensing

Article (65)

Financial Activities

1. The following activities shall be considered financial activities subject to Central Bank licensing and supervision pursuant to the provisions of this Decree by Law:
 - a. Taking deposits of all types, including deposits compliant with the provisions of Islamic Sharia;
 - b. Providing credit facilities of all types,
 - c. Providing financing facilities of all types, including financing facilities compliant with the provisions of Islamic Sharia;
 - d. Providing currency exchange and money transfer services;
 - e. Providing monetary intermediation services;
 - f. Providing stored values, electronic retail payments and digital money services;
 - g. Providing virtual banking services.
 - h. Arranging for and/or marketing Licensed Financial Activities;
 - i. Acting as a principal in financial products affecting the financial position of the Licensed Financial Institution including, but not limited to, foreign exchange, financial derivatives, bonds and Islamic financial certificates "Sukuk", ownership of

equities, commodities, and any other financial products approved by the Central Bank.

2. The Board of Directors may:
 - a. Classify and define Licensed Financial Activities and the practices relating thereto.
 - b. Add, remove, or modify activities or practices to the list of Licensed Financial Activities aforementioned in Clause (1) of this Article, following coordination and agreement with the Regulatory Authorities in the State. Same shall be made via the Financial Activities Committee referred to hereinafter in Article (66) of this Decree by Law.
3. In case a Licensed Financial Institution desires to perform financial activities other than the activities aforementioned in Clause (1) of this Article but are licensed by the Regulatory Authorities inside the State or by regulatory authorities in other jurisdictions. Such institution shall obtain approval of the Central Bank prior to obtaining the license from the regulatory authority concerned.

Article (66)

Financial Activities Committee

1. The Ministry shall form a technical committee cited as 'Financial Activities Committee' by virtue of a Cabinet resolution. The Committee shall be chaired by the Minister and shall comprise a representative of each of the Regulatory Authority in the State. The Committee shall express opinion on any proposal to regulate any financial activity other than those provided for in the laws of regulatory authorities in the UAE. The Cabinet resolution shall specify the Committee's terms of reference and the mechanism for discharge of its functions.
2. In case that the Financial Activities Committee proposes addition of a certain financial activity not included in the laws of the regulatory authority concerned to the list of activities licensed and controlled thereby, approval of the regulatory authority concerned shall be obtained.

Section Two
Licensing Financial Institutions

Article (67)

License Applications

1. Any Person may submit to the Central Bank a license application to perform one or more of Licensed Financial Activities, or to add one or more Licensed Financial Activities to an issued license in accordance with the regulations issued by the Board of Directors;
2. The Board of Directors shall issue regulations, rules and standards, and shall set conditions for licensing performance of Financial Activities, including the following:
 - a. Fit and proper criteria;
 - b. Resources necessary for performance of the activity;
 - c. Controls and supervision systems;
3. The Board of Directors may, at its own discretion and as it deems appropriate for safeguarding public interest, add any requirements or conditions to be fulfilled by the license applicant.

Article (68)

Compliance with the Scope of the License

1. A Licensed Financial Institution shall carry on its business within the scope of the license granted thereto.
2. No person may introduce himself as a Licensed Financial Institution unless it is an already Licensed Financial Institution.

Article (69)

Deciding on the Application for License or Expansion of its Scope

1. The application for license or expansion of its scope shall be decided on within a period not exceeding sixty (60) working days from the date of satisfying the requirements and conditions of the license. The lapse of such period without reply shall be deemed rejection of the application.

2. The Central Bank may request the applicant to meet the requirements and conditions of the license within the period it determines.
3. The Central Bank may reject the application or request the addition of any financial activity at its sole discretion, according to the absorptive capacity of the financial sector of the State and the requirements of the domestic market. The decision issued in this regard shall be final and not appealable before the Grievances and Appeals Committee.
4. The applicant shall be notified of the substantiated rejection decision by means of an official notice within a period not exceeding twenty (20) days from the date of its issuance.

Article (70)

Imposing Conditions and Restrictions on a License

1. The Board of Directors may decide to impose, change, or cancel the conditions and restrictions on the license of performing Licensed Financial Activities.
2. Prior to issuing its decision aforementioned in Clause (1) of this Article, the Board of Directors may request the financial institution concerned to provide its notes on the reasons of the decision within the period specified by the Board of Directors.
3. The Licensed Financial Institution shall be notified of the reasoned decision by virtue of an official notice to be sent within no more than twenty (20) work days as of the date of issuing said decision. The notice shall include the following:
 - a. Contents of the decision;
 - b. Reasons entailing the decision;
 - c. Advising the Licensed Financial Institution of its right to file a grievance against the decision before Grievances and Appeals Committee in accordance with the provisions of this Decree by Law.

Article (71)

Suspension, Withdrawal, or Revocation of License

1. The Board of Directors may suspend, withdraw, or revoke a license granted to a Licensed Financial Institution in the following cases:

- a. If the Licensed Financial Institution fails to meet, or is in breach of one or more of the conditions or restrictions imposed on the license granted thereto;
 - b. If the Licensed Financial Institution breaches any of the laws and statutes in force in the UAE, or any of the regulations, rules, standards, instructions, and guidelines issued by the Central Bank;
 - c. If the Licensed Financial Institution fails to take any measures or actions determined or developed by the Central Bank;
 - d. If the Licensed Financial Institution ceases to perform one or more of the Licensed Financial Activities for a period exceeding one year;
 - e. If the business or activities are suspended for a period exceeding one year;
 - f. If the Central Bank deems, at its own discretion, that full or partial withdrawal, revocation, or suspension of the license would be necessary for achieving the objectives and discharging functions thereof;
 4. If the Licensed Financial Institution concerned submits an application for total or partial suspension or revocation of the license;
 - h. If the Licensed Financial Institution's liquidity or solvency is exposed to risk;
 - i. If the capital of the Licensed Financial Institution decreases the minimum capital required in accordance with the provisions of this Decree by Law, or the regulations, rules, or standards issued by the Central Bank.
 - j. If the Licensed Financial Institution is merged into another financial institution;
 - k. If the Licensed Financial Institution is declared bankrupt;
 - l. If the Licensed Financial Institution's officers, employees, or representatives refrain from cooperating with Central Bank's officers, representatives, or inspectors, or from providing required information, statements, documents, or records;
 - m. If the license of a foreign Licensed Financial Institution is revoked, or if the same is put under liquidation at the country wherein the headquarters is located, or if the businesses of branch, companies or Representative Offices thereof in the UAE is terminated;
2. The Licensed Financial Institution shall be notified of the reasoned withdrawal, revocation or suspension decision by virtue of an official notice to be sent within no

more than twenty (20) work days as of the date of making said decision. The notice shall include the following:

- a. Contents of the decision;
 - b. Reasons entailing the decision;
 - c. Date of entry of the decision into force;
 - d. Advising the Licensed Financial Institution concerned of its right to file a grievance against the decision before Grievances and Appeals Committee in accordance with the provisions of this Decree by Law.
3. After the Grievances and Appeals Committee decides on any grievance or appeal, if any, or upon lapse of the grace period provided for under Clause (2) of this Article, the decision made by the Central Bank shall be published in two local daily newspapers including one published in Arabic and the other to be published in English. The decision shall be posted on the official website of the Central Bank and may be announced by any other means if necessary.

Article (72)

Use of the Terms "Bank" or "Masraf"

1. The expressions "Bank" and "Masraf" or any other expression derived therefrom or similar thereto in any language may not be used by entities other than Banks licensed in accordance with the provisions of this Decree by Law in their business names, advertisements, or in any manner which would mislead the public as to the nature of their businesses;
2. The following entities shall be excluded from to the provisions of Clause (1) of this Article:
 - a. Foreign Monetary Authorities and Central Banks;
 - b. Any federation or association established for protection of Banks' interests; and
 - c. Any other institution exempted by the Board of Director.

Article (73)

Entry on the Register

1. The Central Bank shall create an electronic register called "Register of Licensed Financial Institutions" whereon financial institutions licensed by the Central Banks shall be entered. The register shall include all data pertaining to these institutions and all modifications thereof. Rules and requirements for entry on said register shall be set by virtue of a resolution by the Board of Directors. The resolution licensing these institutions along with any amendments thereto shall be published in the Official Gazette. This Register shall be published in the official website of the Central Bank.
2. A Licensed Financial Institution may not commence any Licensed Financial Activity unless it is entered on the register.
3. Fees of licensing and entry on the register shall be deposited in a special account with the Central Bank. The Board of Directors shall make a resolution organizing the operation of the account, and setting the rules for withdrawing funds therefrom.

Article (74)

Legal Form

1. Banks shall have the form of public joint-stock companies, as authorized by the law or decree establishing them, with the exception of branches of foreign banks operating in the State and specialized banks with low risks determined in accordance with the conditions and rules set by the Board of Directors.
2. Other Financial Institutions may have the form of joint-stock companies or limited liability companies, in accordance with the conditions and rules issued by the Board of Directors.
3. Exchange Houses and financial intermediaries may be sole proprietorships or have any other legal form, in accordance with the conditions and rules issued by the Board of Directors.

Article (75)

Minimum Capital Requirements

The Board of Directors shall formulate regulations concerning the minimum capital requirement for Licensed Financial Institutions, and conditions and instances of capital increase or reduction. The regulations shall provide for the risk-based capital requirements, and the necessary actions to be taken in case of capital shortfall, in addition to the measures taken by the Central Bank in this regard.

Article (76)

Shareholding and Ownership in Licensed Financial Institutions

1. Without prejudice to the financial and commercial activities restricted to UAE nationals prescribed in any other law, the Board of Directors shall determine the conditions and controls for holding shares in Banks incorporated in the UAE and their capital contributions therein. In all cases national shareholding in banks may not be less than sixty percent (60%).
2. The BOB may specify the conditions and controls concerning percentage of citizens' and foreigners' ownership of shares and capital contributions in Other Financial Institutions incorporated in the UAE.

Article (77)

Amendment of the Memorandum and Articles of Association

1. Licensed Financial Institutions shall seek Central Bank's approval of the amendments made to their memorandum or articles of association. Such amendments shall only take effect after entry thereof on the register.
2. The Central Bank shall decide on the application, and in case of rejection of entry thereof, the matter shall be presented to the Board of Directors who shall make a final decision thereon.

Section Three
Provisions for Licensed Islamic Financial Institutions

Article (78)

Scope of Activity

1. Licensed Financial Institutions performing all or part of their activities and carrying on their businesses in accordance with the provisions of Islamic Sharia may perform the Licensed Financial Activities mentioned hereinabove in Article (65), whether for their own account or for the account of or in partnership with third parties, provided such activities and businesses are compliant with provisions of Islamic Sharia. The Board of Directors shall develop regulations specifying the activities, conditions, rules, and standards of operation of these institutions in line with the nature of the license granted thereto.
2. Licensed Financial Institutions aforementioned in Clause (1) of this Article, in respect of their businesses and activities compliant with provisions of Islamic Sharia which are performed for the interest of their customers rather than their own interest, shall be exempted from:
 - a. Provisions of Clause (1) of Article (93) of this Decree by Law;
 - b. Provisions of Clause (2) of Article (93) of this Decree by Law, provided that such exemption does not contradict the provisions of local statutes in force in the relevant emirate member of the Federation.

Article (79)

Internal Sharia Audit

1. Every Licensed Financial Institution performing all or part of its activities and carrying on its businesses in accordance with the provisions of Islamic Sharia shall form an independent internal audit committee called "Internal Sharia Audit Committee" comprising experts and specialists of Islamic financial and banking transactions. Said committee shall provide Sharia supervision over and approval of all businesses, activities, products, services, contracts, documents and covenants of the institution

concerned. The committee shall formulate necessary Sharia controls within the framework of rules, principles and standards set and formulated by the HSA to ensure their compliance with Islamic Sharia provisions. Consultations and opinions of said committee shall be binding.

2. Internal Sharia Audit Committee shall be formed by the general meeting of the Licensed Financial Institution concerned in accordance with the provisions of Commercial Companies Law mentioned hereinabove. Names of nominated members of the Internal Sharia Audit Committee shall be presented to the HSA for approval prior to presentation of the same to the General Meeting and making a decision approving their appointment.
3. Members of the Internal Sharia Audit Committee are not permitted to occupy any executive position in the institution aforementioned in Clause (1) of this Article, or to conduct any businesses falling outside the scope of work of the Committee. They may not be shareholders in said institution, and neither they nor any of their first-degree relatives may have any interest therein.
4. In case that any disagreements about any legal issue arise among the members of Internal Sharia Audit Committee or between the Internal Sharia Audit Committee and the board of directors of the institution concerned, the matter shall be referred to the HSA which opinion thereon shall be final.
5. Every institution provided for in Clause (1) of this Article shall establish an internal department or division, commensurate with the size of businesses and activities of the institution concerned. Said department or division shall be responsible for Internal Sharia Audit and for monitoring the compliance of the institution concerned with the legal consultations "Fatwa" and opinions of the Internal Sharia Audit Committee. This department or division shall report to the board of directors of the institution concerned. Their staff may not have any powers or executive responsibilities towards the businesses, activities and contracts which they review or audit from Sharia perspective. Said department or division shall be chaired by a Sharia Auditor to be appointed by the board of directors of the institution concerned.

Article (80)

Internal Sharia Audit Committee's Report

1. Internal Sharia Audit Committee shall prepare an annual report to be presented at the general meeting of the Licensed Financial Institution performing all or part of its activities and businesses in accordance with Islamic Sharia. The report shall be prepared using the form prepared by the HSA, and shall indicate the extent of compliance of management of the institution concerned with the provisions of Islamic Sharia in terms of all its activities, businesses, offered products, contracts concluded thereby, and documentation used. Said report shall include the following:
 - b. A statement on the extent of independence of the Internal Sharia Audit Committee in discharge of its function;
 - b. A statement on compliance of policies, accounting standards, financial products and services, operations and activities in general, together with the memorandum, articles of association, and financial statements of the relevant institution with the provisions of Islamic Sharia throughout the last fiscal year;
 - c. A statement on the compliance of distribution of profits, bearing of losses, costs, and expenses among and by shareholders and investment account holders with the Fatwas and opinions of the Internal Sharia Audit Committee; and
 - d. A statement on any other breaches to provisions of Islamic Sharia and to the controls established by the HSA.
2. Internal Sharia Audit Committee shall submit its report to the HSA within no more than two (2) months as of the end of the fiscal year in order for the HSA to express its opinion thereon prior to holding the general meeting of the institution concerned.

Article (81)

Supervision by the State Audit Institution (SAI)

In case that a Licensed Financial Institution performing all or part of its businesses and activities in accordance with Islamic Sharia is supervised by the State Audit Institution pursuant to the Re-organization of the State Audit Institution law aforementioned, the SAI responsibilities shall be confined to post-auditing, and shall not interfere in the conduct of

business or in the policies of these institutions.

Article (82)

Contravention of Islamic Sharia Provisions

Whenever it is established that a financial institution performing all or part of its businesses and activities in accordance with the provisions of Islamic Sharia does not comply with such provisions, as per Fatwas and opinions of the Internal Sharia Committee, and Fatwas and opinions of the HSA, the Central Bank shall inform the institution concerned accordingly after consulting with the HSA, and shall request the institution to adjust its status under supervision of the Internal Sharia Audit Committee within thirty (30) business days as of the date on which it is notified of the same. The Central Bank shall adopt the appropriate corrective measures and actions in case of failure of the institution concerned adjust its status.

Section Four

Provisions on Undertaking Designated Tasks Entailing the Central Bank

Authorization

Article (83)

Designated Tasks

1. The Board of Directors may issue regulations, rules, standards, conditions, and instructions specifying Designated Tasks subject to Central Bank authorization, and concerning the individuals who shall be required to obtain Central Bank authorization to undertake said tasks including requirements of fitness and properness, and requirements for exemption from certain standards or requirements;
2. Without prejudice to the provisions of Clause (1) of this Article, Designated Tasks subject to Central Bank authorization shall include such functions carried out by board members, chief executive officers, senior managers, executives, and Authorized Individuals of Licensed Financial Institutions;
3. No one may undertake any of the Designated Tasks at a Licensed Financial Institution

unless the Central Bank's prior authorization is obtained;

4. Licensed Financial Institutions shall adopt and take all measures and actions to ensure that no officer, employee, or any other individual representing them shall undertake any of the Designated Tasks without prior authorization of the Central Bank;
5. Any person authorized pursuant to the provisions of this Article shall abide by limits of powers vested therein under the authorization; and
6. No person shall introduce himself as an Authorized Person unless he is so authorized by the Central Bank.

Article (84)

Application for Authorization to Undertake Designated Tasks

1. A Licensed Financial Institution may submit an application to the Central Bank for authorization of any individual to undertake any of the Designated Tasks or to undertake additional Designated Tasks.
2. The Central Bank may require the applicant to provide all necessary information enabling it to decide on the application.
3. A Licensed Financial Institution shall notify the Central Bank of any material changes concerning the requirement for granting authorization to undertake the Designated Tasks.

Article (85)

Deciding on of Application for Authorization to Undertake Designated Tasks or to add others

1. Application for authorization or extension of the scope of authorization shall be decided on within no more than twenty (20) business days as of the date of meeting all conditions and requirements for authorization. Lapse of said period without making a decision on the application shall be considered an implicit rejection thereof.
2. The Board of Directors may reject an application for authorization or for addition of other Designated Tasks to an Authorized Person if the Board of Directors deems that

rejection thereof would serve public interest, or that the authorization conditions and requirements are not fulfilled.

3. The applicant shall be notified of the rejection decision by way of an official notice within no more than twenty (20) business days from date making said decision. The notice shall include the following:
 - a. Content of the decision;
 - b. Reasons for the decision; and
 - c. A statement advising the applicant of its right to file a grievance against the rejection decision with the Grievances and Appeals Committee pursuant to the provisions of this Decree by Law.

Article (86)

Imposing Conditions and Restrictions on the Authorization to Undertake Designated Tasks

1. The Central Bank may decide to add conditions or restrictions to the Authorization to undertake Designated Tasks;
2. Prior to making the decision aforementioned in Clause (1) of this Article, the Central Bank may request the Licensed Financial Institution concerned to provide its notes on the reasons of the decision within such period to be specified by the Central Bank;
3. The Licensed Financial Institution shall be notified of the decision by way of an official notice within no more than twenty (20) business days from date making said decision. The notice shall include the following:
 - a. Content of the decision;
 - b. Reasons for the decision; and
 - c. A statement advising the Licensed Financial Institution concerned of its right to file a grievance against the decision with the Grievances and Appeals Committee pursuant to the provisions of this Decree by Law.

Article (87)

Suspension, Withdrawal, or Revocation of an Authorization to Undertake Designated Tasks

1. The Central Bank may suspend, withdraw, or revoke the authorization granted to an individual undertaking Designated Tasks under an official notice in the following cases:
 - a. If the Authorized Individual ceases to meet or becomes in violation of one or more of the fitness and properness criteria and other conditions or restrictions imposed on the authorization to undertake Designated Tasks;
 - b. If the Authorized Person violates any of the laws and regulations in force in the UAE, or the regulations, rules, standards, or guidelines issued by the Central Bank;
 - c. If the Authorized Person fails to adopt or take any measures or actions provided for by the Central Bank;
 - d. If the Central Bank deems that full or partial withdrawal, revocation, or suspension of the authorization helps in achieving objectives and discharging the functions thereof;
 - e. If the Authorized Person is declared bankrupt; or
 - f. If the Authorized Person refuses to cooperate with the officials, representatives, or inspectors of the Central Bank, or refrains from providing required information or records.
2. In all cases, the authorization shall be revoked in case that the Licensed Financial Institution where the Authorized Person works files a revocation application or in case of termination of the Authorized Person's relationship with said institution.
3. The Licensed Financial Institution where the Authorized Person works shall be notified of the decision to withdraw, revoke, or suspend the authorization within no more than twenty (20) business days from date of making a decision to this effect. Such notice shall include the following:
 - a. Content of the decision;
 - b. Reasons for the decision;
 - c. Date of entry of the decision into force; and
 - d. A statement advising the Licensed Financial Institution of its right to file a grievance against the decision with the Grievances and Appeals Committee pursuant to the

provisions of this Decree by Law.

Article (88)

Prohibition of Undertaking Designated Tasks at Licensed Financial Institutions

1. The Central Bank may prohibit any individual from performing or undertaking Designated Tasks related to Licensed Financial Activities if the Central Bank considers the individual concerned not fit and proper to perform or undertake such Designated Tasks.
2. The Licensed Financial Institution concerned shall be notified of the decision to prohibit the individual concerned from performing or undertaking Designated Tasks therein by virtue of an official notice within no more than twenty (20) business days as of date of making said decision. Such notice shall include the following:
 - a. Content of the decision;
 - b. Reasons for the decision;
 - c. Date of entry of the decision into force; and
 - d. A statement advising the Licensed Institution and the person concerned of their right to file a grievance against the decision with the Grievances and Appeals Committee pursuant to the provisions of this Decree by Law.

Chapter Three

Responsibilities of Licensed Deposit-Taking Financial Institutions

Article (89)

Compliance with the Central Bank's Instructions

1. Licensed Deposit-taking Financial Institutions shall comply with all rules, regulations, standards, circulars, directives and instructions issued by the Central Bank in connection with lending or other matters deemed necessary for achieving the Central Bank objectives.
2. The Central Bank may adopt and take all necessary measures and actions, and may use

all means which would ensure proper conduct of business at Licensed Deposit-Taking Financial Institutions. Such instructions, directives, measures, procedures, or means may either be general for all Licensed Financial Institutions, or be specific for certain Licensed Financial Institutions.

Article (90)

Risk Bureau at the Central Bank

The Risk Bureau at the Central Bank shall collect, exchange and process of credit information obtained from Licensed Financial Institutions or any other party as deemed necessary by the Central Bank. This bureau shall operate in accordance with the conditions and controls determined by the Board of Directors.

Article (91)

Protection of Depositors' Interests

1. Each Licensed Deposit-Taking Financial Institution shall prepare a quarterly statement, in the form specified by the Central Bank, indicating all the credit and financing facilities granted by said Institutions to:
 - a. Any member of its board of directors;
 - b. Any establishment or company where the institution concerned is a partner, director, agent, guarantor or warrantor;
 - c. Any company where any board member of the institution concerned is a director or an agent;
 - d. Any company where an employee, expert or representative of the institution concerned is a director, executive officer, agent guarantor or warrantor;
 - e. Any Person holding a controlling interest in the institution concerned, or in a company related thereto as per provisions of Article (95) of this Decree by Law;
 - f. Any subsidiary of the group owning the institution concerned;
 - g. Any company related to the institution concerned as per the controls set by the board of directors;
 - h. Any person related directly or indirectly to any board member in the institution

- concerned as per the controls set by the board of directors; and
- i. Any other Person determined by the board of directors as per its controls.
2. The Central Bank shall be provided with copy of the statement aforementioned in Clause (1) of this Article within ten (10) days as of end of each quarter of the fiscal year, or as of the date of request made by the Central Bank to this effect.
 3. If it is shown from reviewing the statement aforementioned in Clause (1) of this Article that any of the credit or financing facilities granted by the Licensed Financial Institution, or that any exposure of a particular person may harm the interests of depositors of the Licensed Financial Institution concerned, the Central Bank may take one or more of the actions listed below:
 - a. Require the institution concerned to allocate provisions for these facilities, or to reduce its exposure to a particular person for such period and pursuant to such mechanism determined by the Central Bank; and
 - b. Prohibit the institution concerned from providing further credit facilities to the person concerned, or impose certain restrictions on facilities granted to the person concerned, as deemed appropriate.

Chapter Four

Prohibitions

Article (92)

Prohibition of Conducting Specific Transactions

1. The Central Bank may prohibit Licensed Financial Institutions from conducting all or part of the following:
 - a. Dealing in specific assets, investments, or monetary and financial instruments;
 - b. Making certain dealings, or conduct specific transactions or commercial businesses;or
 - c. Dealing with specific persons.
2. The Board of Directors may issue rules, regulations and standards concerning the transactions and operations aforementioned in Clause (1) of this Article, and may adopt

and take necessary measures and actions, as deemed appropriate.

3. The Licensed Financial Institution concerned shall be notified of Central Bank's decision by virtue of an official notice within a no more twenty (20) business days as of the date of making said decision. The notice shall include the following:
 - a. Content of the decision;
 - b. Reasons for the decision;
 - c. Date of entry of the decision into force; and
 - d. A statement advising the Licensed Financial Institution of its right to file a grievance against the decision with the Grievances and Appeals Committee pursuant to the provisions of this Decree by Law.

Article (93)

Prohibition of Conducting Non-Banking Businesses

Banks may not conduct any non-banking businesses, including the following in particular:

1. Performing any commercial or industrial activities for its own account, or acquiring, owning or trading in goods, unless acquisition or ownership of such goods is made by way of settlement of debts due by third parties thereto, in which case the goods must be disposed of within the period specified by the Central Bank.
2. Buying properties for its own account, except in the following cases:
 - a. Properties whose value does not exceed the percentage set by the Board of Directors of the total capital and reserves thereof.
 - b. Properties owned by virtue of direct settlement of debts exceeding the percentage aforementioned in paragraph (a) of this Clause, and in such case, the Central Bank shall sell these properties within three (3) years. This period may be extended by an approval from the Central Bank based on the guidelines set by the Board of Directors.
3. Buying, acquiring or dealing in shares of the Bank in excess of the ratios set by the Board of Directors, unless the excess has been transferred thereto in settlement of a debt, in which case, the Bank must sell the shares in excess of the said ratio, within two (2) years from date of acquisition thereof.

4. Buying shares of commercial companies, except within the percentage of the Bank's own funds set by the Board of Directors, unless said shares are acquired in settlement of a debt, in which case the excess must be sold within two (2) years from date of acquisition.
5. The Board of Directors shall issue regulations for Banks designating the maximum limits for buying and dealing in securities issued by any foreign government or entities affiliated thereto, or by any foreign commercial company. These maximum limits shall not apply to securities issued or guaranteed by the Public Sector.

Article (94)

Restriction on Granting Credit Facilities

1. Notwithstanding the provisions of Article (153) of the Commercial Companies Law referred to, Licensed Financial Institutions may grant credit facilities to their board members or employees and their relatives as determined by the Board of Directors.
2. The Board of Directors shall determine conditions and controls of credit facilities which may be granted to the categories referred to in Clause (1) of this Article.
3. No Licensed deposit-taking Financial Institution may grant credit facilities to its customers against their shares therein.
4. The Board of Directors shall issue regulations for the licensed deposit-taking financial institutions regarding the maximum limits of credit facilities granted for the purpose of constructing residential or commercial buildings.

Chapter Five

Control and Supervision over Licensed Financial Institutions

Section One

Control and Supervision Provisions

Article (95)

Provisions Concerning Holders of Controlling Interest

1. No person may hold or increase a controlling interest in any Licensed Financial Institution, nor exercise any powers which would make it a holder of controlling interest,

- at the discretion of the Central Bank, unless the Central Bank's prior consent is obtained.
2. Licensed Financial Institution may not allow any person to hold a controlling interest therein unless said institution obtains the Central Bank's prior consent.
 3. The Board of Directors shall issue regulations, rules, standards, conditions, instructions, and restrictions concerning controlling interests and instances of control.

Article (96)

Opening Branches inside the UAE and in Other Jurisdictions

Licensed Financial Institution may not open any branch or representative office thereof inside the UAE or in other jurisdictions, and may not relocate or closedown any existing branch without Central Bank's prior approval.

Article (97)

Providing Information and Reports to the Central Bank

1. Licensed Financial Institutions shall:
 - a. Provide the Central Bank with reports, information, statements, lists and other documents determined and deemed necessary by the Central Bank for achieving the objectives and discharge of functions thereof;
 - b. Appoint qualified employees who shall be assigned to prepare the reports required by the Central Bank; and
 - c. Adopt appropriate measures to ensure that the persons assigned in accordance with the paragraph (b) of this Clause obtain the information required for preparation of the reports.
2. Licensed Financial Institutions may not instruct, direct or agree with any of its directors, officers, employees, agents representing it, or auditors of its accounts to refuse providing the Central Bank with the requirements referred to in Clause (1) of this Article.
 - a. The Central Bank shall set rules and guidelines for regular compilation of information from Licensed Financial Institutions.
4. The Central Bank shall specify the nature, forms and grace periods granted for submission of information. Licensed Financial Institutions shall provide such

information in accordance with the instructions issued by the Central Bank in this regard.

5. The provisions of this Article shall apply to branches of foreign Licensed Financial Institutions operating in the UAE.
6. The Board of Directors shall set the regulations, rules, standards, and instructions regarding provision of requirements referred to in this Article, and may adopt and take all measures and actions deemed appropriate against the institution concerned or any of its employees aforementioned in Para. (b) of Clause (1) of this Article.

Article (98)

Reporting Violations

1. Licensed Financial Institutions, their legal representatives, compliance officers, and auditors shall be responsible for immediate reporting of any of the following to the Central Bank
 - a. Occurrence of any material or fundamental developments which would impact the institution's activities, structure, or overall position;
 - b. Occurrence of any violation to the provisions of this Decree by Law or the resolutions, regulations, or instructions issued in implementation thereof.
2. The persons aforementioned in Clause (1) of this Article shall not be considered to have breached any of the obligations imposed thereon in case of filing a report as per provisions of this article or providing information or opinion to the Central Bank if they are acting in good faith. The Licensed Financial Institution may not dismiss any of the persons aforementioned in Clause (1) of this Article without the approval of the Central Bank.
3. The Central Bank shall create a mechanism for reporting any violations aforementioned in Clause (1) of this Article.

Article (99)

Submission of Information Required by the Central Bank on Financial Position

1. Each Licensed Financial Institution shall provide the Central Bank with the statements and reports pertaining to its financial position.
2. Each Licensed Financial Institution shall provide the Central Bank, with the following within a no more than three (3) months as of the end of the fiscal year, or within such period as the Central Bank may specify:
 - a. Copy of the audited balance sheet showing use of assets and liabilities arising from operations of the institution concerned.
 - b. Copy of the audited profit and loss statement accompanied by any relevant notes.
 - c. Copy of the report of auditors concerning the institution concerned.
 - d. Copy of report of the board of directors of the institution concerned.
3. The Central Bank may also request the Licensed Financial Institution to provide the following:
 - a. Copy of the interim profit and loss statement on a biannual basis, or for other periods specified by the Central Bank.
 - b. Any other additional information, reports, or statements deemed necessary.

Article (100)

Merger and Acquisition

1. Licensed Financial Institution may not merge with or acquire any other institution, regardless of the nature of its activity, nor transfer any part of its liabilities to another Person unless the Central Bank's prior approval is obtained.
2. Without prejudice to the statutes in force in the UAE concerning merger and acquisition, the Board of Directors may issue all regulations, rules, standards, conditions, instructions, and directives pertaining to merger and acquisition.
3. Licensed Financial Institution shall be notified of Central Bank's decision rejecting the proposed merger or acquisition by virtue of a notice within no more than twenty (20)

business days as of the date of making said decision. The notice shall include the following:

- a. Content of the decision.
- b. Reasons for the decision.
- c. Date of entry of the decision into force.
- d. A statement advising the Licensed Financial Institution concerned of its right to file a grievance against the decision with the Grievances and Appeals Committee, in accordance with the provisions of this Decree by Law.

Article (101)

Cessation of Business

No Licensed Financial Institution may cease to operate fully or partially or cease to perform all or part of its Licensed Financial Activities unless approval of the majority shareholders thereof and approval of the Central Bank is obtained.

Article (102)

Authority to Issue Instructions and Directives for Prudential Purposes

1. For the purposes of prudential regulation, the Board of Directors may issue necessary instructions and directives for one or more Licensed Financial Institutions falling within a specific category concerning:
 - a. Compliance with Central Bank instructions and directives relating to prudential ratios determined by the Board of Directors concerning capital adequacy, liquidity ratio or any other purposes.
 - b. Adherence to provisions, or processing of specific assets.
 - c. Adherence to limits of large exposures.
 - d. Adherence to limits of exposures to related parties.
 - e. Satisfaction of any additional requirements pertaining to reporting.
2. The Central Bank may take any actions in addition to those aforementioned in Clause (1) of this Article.
3. The Central Bank may instruct any subsidiary of a Licensed Financial Institution to take

particular actions, or refrain from performing certain activities in case that:

- a. The Central Bank is the consolidated regulatory authority over the institution referred to in this Clause.
 - b. The Central Bank deems that such instruction is necessary for the exercise of effective and consolidated prudential regulation of the institution referred to in this Clause.
4. The instructions and directives aforementioned in Clause (3) of this Article may include the following:
- a. Obligating subsidiary of the Licensed Financial Institution concerned to suspend provision of particular services or to abstain from performance of certain businesses or activities including closure of any of its offices or branches outside the UAE if such services, businesses or activities would expose the Licensed Financial Institution concerned to additional risk, or to risks that may not be managed effectively and appropriately.
 - b. Obligating subsidiary of the Licensed Financial Institution concerned to take all necessary actions to remove any impediments which would hinder effective consolidated regulation.

Article (103)

Limits of Operations

The Central Bank may set limits whereto Licensed Deposit-taking Financial Institutions shall adhere in their operations including the following:

1. The maximum of total discount operations or loans and advances the Licensed Financial Institution is allowed to make as of a certain date.
2. The maximum amount a Licensed Financial Institution may lend to a single person in proportion to said person's own funds.
3. Any other limits the Central Bank may set.

Article (104)

Governance of Licensed Financial Institutions

1. The Central Bank shall formulate a general framework for governance of Licensed Financial Institutions, and shall set rules and regulations organizing the works of their boards of directors along with the requirements to be satisfied by nominees for membership of their boards, and the requirements for appointment of their senior officers; provided that Licensed Financial Institutions listed in the UAE's capital markets shall adhere to the minimum requirements of corporate governance set by the regulatory authority concerned.
2. Licensed Financial Institutions must obtain Central Bank's prior approval of appointment or nomination of any board member, renewal of board membership, and appointment senior staff, or renewal of the employment contract thereof.
3. The Board of Directors, as deemed necessary for the public interest, may reject appointment, nomination, or renewal of membership of any person in board of directors of the Licensed Financial Institution, and may also reject appointment or renewal of the employment contract of any of the senior staff of said institution.

Article (105)

Rule Book

The Central Bank shall prepare an electronic Rule Book containing all rules, regulations, standards, resolutions, and circulars issued thereby pursuant to the provisions of this Decree by Law. Said Rule Book shall be posted and updated regularly on the Central Bank's website.

Article (106)

Retroactive Effect of Central Bank Regulations and Resolutions

Regulations, resolutions, or instructions issued by the Central Bank pursuant to the provisions of this Decree Law shall not have a retroactive effect, and same shall not prevent implementation of agreements between Licensed Financial Institutions and their customers concluded prior to issuance of said regulations, resolutions or instructions. The Central Bank

shall set the grace periods necessary to enable said institutions to adjust their statuses in accordance with the provisions of this Decree by Law.

Article (107)

Inspection

1. The Central Bank may, at any time as, deemed necessary and appropriate, send any of its employees or any third party authorized to act on its behalf to Licensed Financial Institutions, the companies owned thereby, or their subsidiaries to ensure soundness of their financial positions, and their compliance with the provisions of this Decree by Law, the regulations and resolutions issued in implementation thereof, and with any laws and regulations in force in the UAE.
2. In case of inspecting companies owned by Licensed Financial Institutions and their subsidiaries which are governed by Regulatory Authorities inside the UAE or in other jurisdictions, the Central Bank shall coordinate with the regulatory authority concerned in this regard.
3. The Central Bank, in coordination with the entities concerned in the UAE, may inspect premises of any person suspected of performing any of the financial activities referred to in Article (65) of this Decree by Law without a license. In this respect, the Central Bank may obligate the suspected person to provide all information, documents, and records relating to the unlicensed Financial Activities, and may seize the same.
4. Licensed Financial Institutions, the companies owned thereby and their subsidiaries shall provide the employees aforementioned in Clause (1) of this Article with all information, records, books, accounts, documents and statements pertaining to the matter subject of inspection, along with any information he may request, on timely basis.
5. Within the framework of the inspection, the Central Bank employees may order any person to appear on the time and place they may determine to provide them with information, data, documents, or records relating to the inspection process.
6. The Board of Directors may issue regulations, rules, standards, directives and instructions concerning the mechanisms and procedures for inspecting Licensed Financial Institutions.

7. The Central Bank may adopt and take all measures and actions as deemed appropriate for achieving objectives and discharging functions thereof pursuant to the provisions of this Decree by Law, and in case of detection of any violation of the provisions of this Decree by Law, or the regulations and resolutions issued in implementation thereof, the Central Bank may, in particular:
 - a. Impose restrictions on certain transactions or activities performed by the Licensed Financial Institution concerned.
 - b. Request the Licensed Financial Institution concerned to take necessary actions to rectify the situation immediately.
 - c. Appoint a specialized expert or a qualified Central Bank employee to provide advice to the Licensed Financial Institution concerned, or to provide supervision over some of its operations for such period to be specified by the Central Bank. In this respect, the Licensed Financial Institution concerned shall bear remunerations of such appointee if it is an expert from outside the Central Bank.
 - d. Take or adopt any other action or measure, or impose any penalties as deemed appropriate.
8. Licensed Financial Institutions shall bear all costs of inspection and investigations entrusted to any third party by the Central Bank in case of violation by the said institution of the provisions of this Decree by Law, and the regulation and resolutions issued in implementation thereof.

Article (108)

Inspection of Entities Affiliated to National Licensed Financial Institution Operating in Other Jurisdictions

In cooperation and coordination with the regulatory authorities concerned in other jurisdictions, the Central Bank may delegate one or more inspectors or experts to inspect entities affiliated to national Licensed Financial Institution operating in other jurisdictions.

The inspection shall include entities affiliated to national Licensed Financial Institution operating in Financial Free Zones, in cooperation and coordination with the regulatory authority concerned in the Financial Free Zones.

Article (109)

Expert's Report

The Central Bank may assign an expert or a person qualified and specialized in Licensed Financial Activities to provide it with a report on a certain matter pertaining to direct and indirect businesses and activities of a certain Licensed Financial Institution as specified by the Central Bank. This assignment shall be made in accordance with the conditions and procedures established by the Central Bank at the expense of the entities referred to in this Article.

Article (110)

Judicial Officer Capacity

Judicial officer capacity shall be conferred upon the Central Bank staff to be appointed by virtue of a resolution by the Minister of Justice in coordination with the Governor and they shall be responsible for establishing acts committed in violation to the provisions of this Decree by Law.

Article (111)

Requesting Intervention in Lawsuits and Judicial Proceedings and Notification of Investigations

1. Subject to the provisions of Civil Procedure Law, the Central Bank may request to intervene in any lawsuit filed with judicial authorities to which a Licensed Financial Institution is party.
2. Law enforcement authorities and other authorities concerned shall notify the Central Bank of any investigations or proceedings initiated against Licensed Financial Institutions. The Central Bank may provide said authorities with any clarifications, statements, or information as deemed appropriate in this regard.

Section Two
Financial Accounts
Article (112)

Licensed Financial Institution Fiscal Year

The fiscal year of a Licensed Financial Institution shall commence on the first day of January and shall end on the thirty first of December every year except for the first fiscal year, which shall begin on the date of registration thereof and shall end by the end of the following fiscal year.

Article (113)

Licensed Financial Institutions Accounts

1. Branches of foreign Licensed Financial Institutions shall maintain separate accounts for their total operations in the UAE, including the balance sheet and profit-loss account.
2. Branches and departments affiliated to a local or foreign Licensed Financial Institution operating inside the UAE shall, for the purposes of bookkeeping, constitute one financial institution.

Article (114)

Licensed Financial Institutions Auditors

1. Each Licensed Financial Institution shall, every year, appoint one or more auditors approved by the Central Bank for auditing its accounts. Should the Licensed Financial Institution concerned fail to appoint an auditor, the Central Bank shall appoint and determine the remuneration of an auditor for the institution concerned which shall bear such remuneration.
2. Auditors' tasks shall include preparation of a report on the balance sheet and the profit and loss accounts for the shareholders, provided that said report shall state whether the annual balance sheet and profit and loss accounts are true and acceptable, and whether the Licensed Financial Institution concerned has provided them with all the information and clarifications required for performance of their mission. The Licensed Financial

Institution concerned shall provide the Central Bank with a copy of the auditors' report accompanied by a copy of the balance sheet and the profit and loss account at least twenty (20) business days before convening the General Meeting.

3. The General Meeting of a Licensed Financial Institution may not be convened prior to receipt of Central Bank's notes on the report. Within ten (10) business days as of the date of receipt of the report aforementioned in Clause (2) of this Article, The Central Bank may make a decision not to approve the dividends proposed for distribution to shareholders due to any shortfall in provisions, decline in the capital adequacy ratio below the minimum required ratio, or due to any reservation stated in the auditors' report or any reservation of the Central Bank, which would impact distributable dividends.
4. The auditors' report, together with the report of the board of directors of the Licensed Financial Institution shall be read to the shareholders at the Annual General Meeting if the institution concerned is incorporated in the UAE. Three (3) copies of each report shall be provided by the institution to the Central Bank within twenty (20) business days as of the date of holding the General Meeting. For Licensed Financial Institution incorporated in another jurisdiction, a copy of the auditors' report shall be forwarded to its head office, and three (3) copies thereof shall be submitted to the Central Bank within twenty (20) business days from date of issuance of the report.
5. The auditors may not be members of the board of directors of the Licensed Financial Institution for which they are appointed to audit its accounts. They may not be employees thereof or provide consulting services thereto.
6. A Licensed Financial Institution shall not grant credit facilities of whatever nature to the auditors of its accounts. An auditor approved by the Central Bank may not commence its tasks at a Licensed Financial Institution unless any obligations it may have towards such institution are settled.
7. The auditors shall be responsible for the contents of their reports on the financial statements of the Licensed Financial Institution concerned. In case of their failure to perform the tasks entrusted thereto properly, or in case they violate the provisions of this Decree by Law, and the regulations and decisions issued in implementation thereof, the

Central Bank may take any necessary measures or procedures, in collaboration and coordination with the authorities concerned in the UAE, to deregister the auditors. Further, the Central Bank may, at its own discretion, take any administrative or legal actions against the negligent or violating auditors.

8. The Central Bank may require auditors of a Licensed Financial Institution and the companies owned thereby or subsidiaries thereof to submit a report, at the expense of the Licensed Financial Institution concerned, on their compliance with the provisions of this Decree by Law and the regulations issued in implementation thereof.
9. The Board of Directors shall issue regulations and create a register of approved auditors who are authorized to audit the accounts of Licensed Financial Institutions.

Article (115)

Publication and Provision of Accounts Information

1. Each Licensed Financial Institution shall publish and make available the following information and data on its website and at all of its offices and branches inside the UAE:
 - a. A copy of the audited balance sheet and profits and losses statement, and a copy of the auditors' report. In case that the Licensed Financial Institution concerned is incorporated in another jurisdiction, the publication and display shall be compliant with the laws applicable in the relevant jurisdiction;
 - b. A list of names of board members, executive officers, and their deputies or assistants;
and
 - c. Names of all subsidiaries or branches owned in whole or in part thereby, or companies related to the Licensed Financial Institution concerned.
2. The Central Bank, as deemed appropriate, may request any Licensed Financial Institutions to publish or provide any information or statements pertaining to their accounts in addition to the information required under Clause (1) of this Article.

Section Three

Restructuring and Liquidation of Licensed Financial Institutions

Article (116)

Deterioration of the Financial Position

1. The Board of Directors shall develop a framework for the restructuring of the licensed deposit-taking financial institutions to minimize the effects of the deterioration of their financial positions on the financial system of the UAE, including the effects of the deterioration of the financial positions of the companies owned thereby or affiliated thereto.
2. The restructuring framework shall include a set of prudential and qualitative triggers signaling material risks which would lead to the deterioration of the financial position of the institutions referred to in Clause (1) of this Article. For this purpose, the Central Bank may adopt and take any of the following measures and actions for the protection of the institution concerned and its depositors, as deemed appropriate:
 - a. Set a minimum liquidity ratio for the institution concerned which is commensurate with the risks generated from its activities;
 - b. Obligate the institution concerned to provide additional financial resources to support the paid-up capital as per the terms and conditions set by the Board of Directors;
 - c. Make a decision whereunder the institution concerned is merged with another Licensed Financial Institution;
 - d. Permit any Financial Institution to acquire the institution concerned;
 - e. Form an ad hoc committee to manage the institution concerned. Said committee shall have the right to take whatever actions it deems appropriate, as per conditions and controls set by the Board of Directors including the authority to make a decision to stop or suspend all or part of the activities of the institution concerned either with immediate effect or within another timeframe as well as consequential actions
 - f. The Central Bank may undertake, over a period specified by the Board of Directors, management of the institution concerned, and shall, in this case, substitute management of the institution concerned in respect of all powers, including financial

and administrative powers. In addition, all powers and authorities of the board of directors and the general meeting of said institution shall be frozen with an immediate effect until expiry of the period of interim management.

- g. Request competent authorities in the UAE to place the institution concerned under interim custody and seize its assets, property and shareholders' equity;
 - h. Make a decision requesting the court of competent jurisdiction to render a judgment ordering the liquidation or dissolution of the institution concerned, and prepare a plan for the liquidation or transfer of its assets and liabilities as well as its settlements and releases, as deemed appropriate, and to implement or oversee the implementation of the liquidation plan, or decide the restructuring of the institution or submit a request to the competent court to declare the bankruptcy thereof in accordance with applicable laws;
 - i. Where a decision is made to merge or liquidate a Licensed Financial Institution incorporated in another jurisdiction and has a branch operating in the UAE, the same procedures applicable in the jurisdiction of incorporation concerned shall apply if said procedures provide better protection for customers in the UAE, unless otherwise agreed upon with the authority concerned; and
 - j. Adopt and take any other measures or actions in accordance with a decision by the Board of Directors.
3. Whenever deemed necessary, the Central Bank may coordinate with Federal and Local entities concerned prior to making any decision by Board of Directors pursuant to the provisions of this Article. Further, the Central Bank may request competent judicial authorities to take precautionary and urgent measures, and any other arrangements, which would ensure protection of the funds and interest of investors and depositors, or which would serve the public interest.

Article (117)

Publication of the Restructuring or Liquidation Announcement

1. In case of restructuring or liquidation of a Licensed Financial Institution, an announcement to that effect shall be published in the Official Gazette and in at least two

local daily newspapers published in Arabic and in English, and for a period not less than three (3) business days.

2. The announcement shall include the following:
 - a. A grace period of no less than three (3) months to enable customers of the Licensed Financial Institution concerned to take necessary actions to reserve their rights; and
 - b. Details and tasks of the entity or liquidator assigned to perform the restructuring procedures.
3. If the restructuring or liquidation of a Licensed Financial Institution is due to deregistration thereof from the Licensed Financial Institution register, either the Chairman of the Board or his delegate may set in the deregistration decision the date of closing down the institution concerned and determine the entity assigned to perform the restructuring or to liquidate any outstanding operations on such date.

Article (118)

Monitoring the Efficacy of Licensed Financial Institutions under Restructuring or Liquidation

The Central Bank shall continue to monitor the efficacy of any Licensed Financial Institution being reconstructed or liquidated until final closure of its offices.

Article (119)

No Prejudice to Provisions of Other Laws Concerning Restructuring or Liquidation

The provisions of Articles Nos. (116), (117), and (118) of this Decree by Law shall not preclude implementation of provisions of any other laws concerning restructuring and liquidation in force in the State.

Chapter Six
Protection of Customers
Article (120)

Confidentiality of Banking and Credit Information

1. All data and information relating to customers' accounts, deposits, safe deposit boxes and trusts with Licensed Financial Institutions and all relevant transactions shall be deemed confidential in nature, and may not be made available or disclosed, directly or indirectly, to any third party without the written permission of owner of the account or deposit, his legal attorney or agent so authorized, and in cases authorized legally.
2. Prohibition to make such information available or to disclose the same shall survive even after termination of relationship between the customer and the Licensed Financial Institution for any reason.
3. Chairmen and members of boards of directors of Licensed Financial Institutions, their managers, staff, experts, consultants, or technicians are prohibited from providing or disclosing any information or data pertaining to their customers, their accounts, deposits or relevant transaction, and are prohibited from enabling others to have access to the same unless permitted by law.
4. Said prohibition shall apply to all entities and persons having direct or indirect access to the aforementioned data and information by virtue of their professions, positions or nature of work.
5. The Central Bank shall set rules and conditions organizing exchange of banking and credit information in its capacity as the competent Regulatory Authority in the UAE in this regard.
6. Provisions of Clauses (1) and (2) of this Article shall not prejudice the following:
 - a. The powers legally vested in security and judicial authorities, the Central Bank and its employees;
 - b. Duties entrusted to auditors of the financial institution concerned;
 - c. The obligation of the institutions concerned to issue a certificate, upon the beneficiary's request, of reasons for refusal to cash a cheque;
 - d. The obligation of institutions concerned to issue a certificate of partial payment of

the value of a cheque pursuant to the provisions of the Commercial Transactions Law referred to hereinabove;

- e. The right of the institutions concerned to disclose whole or part of the data pertaining to their customer's transactions in order to establish the institution's right in connection with a legal dispute arising with its customer in respect of such transactions; and
- f. Provisions of laws and international agreements in force the State, in addition to any provisions concerning anti-money laundering, terrorist financing and illegal organizations financing.

Article (121)

Protection of Clients of the Licensed Financial Institutions

1. The Central Bank shall create the regulations for protection of clients of licensed financial institutions, in proportion to the nature of the activities practiced by such institutions and the financial services and productions they provide.
2. The Central Bank may establish a unit with independent legal personality to receive and decide on the complaints of clients of the licensed financial institutions. The Board of Directors shall issue a decision to establish such unit and determine its functions, rules of procedure and powers as well as the human resources and financial affairs regulations applicable thereto.
3. The Central Bank and licensed financial institutions shall jointly work to raise the community awareness about the types of banking services and financial products and the risks inherent in them, through all available means of communication and media, in accordance with the controls set by the Central Bank.
4. Licensed financial institutions may not charge interest on accumulated interest, i.e. compound interests, in respect of the facilities granted to clients. In this regard, the controls and rules set by the Central Bank in the control regulations issued thereby shall be followed.

Article (121) bis

Credit Facility Guarantees

1. The licensed financial institutions shall obtain the sufficient guarantees for all types of facilities provided to the natural clients and private sole proprietorships, in accordance with the client's income or the guarantee, if any, and the size of the required facilities, as determined by the Central Bank.
2. No application, action or plea filed to the competent judicial authorities or the arbitral tribunals by any licensed financial institution in respect of a credit facility provided for a natural person or a private sole proprietorship shall be accepted if such financial institution fails to obtain the guarantees referred to in Clause (1) of this Article.
3. The Central Bank may impose administrative and financial penalties which it deems appropriate on the licensed financial institutions which violate the provision of Clause (1) of this Article, in accordance with Article (137) of the present Decree-Law.

Article (122)

Deposits Guarantee Regulation

In coordination with the Ministry, the Board of Directors may develop regulations for protection of deposits and the rights of depositors of Licensed Financial Institutions. Said regulation may establish and determine structure of compensation fund.

Article (123)

Financial Inclusion

The Board of Directors shall develop necessary regulations and mechanisms to ensure that every natural person shall have access to all or part of financial services and products from Licensed Financial Institutions suitable for him/ her.

Part Four
Financial Infrastructure
Chapter One
Money Transfer and Settlement of Securities
Article (124)
Clearing and Settlement Operations

1. The Central Bank may:
 - a. Establish, develop and/ or operate one or more clearing and settlement systems concerning money transfers and settlement of securities issued by the Central Bank, or the Public Sector, and for settlement of other obligations amongst the Participants in this system. The Bank may perform the same on its own or in partnership with any other party, or by entrusting such tasks to third parties;
 - b. Link the systems referred to in Para. (a) of this Clause to similar systems inside and outside the State; and
 - c. Create and/or operate central securities depository (CSD) systems for securities issued by the Central Bank or the Public Sector, and data repository systems for monetary and financial transactions in the State, and link such systems to similar systems inside and outside the State.
2. The Central Banks shall coordinate with other regulatory authorities and bodies concerned in the UAE in connection with creation of data repository systems for monetary and financial transactions referred to in Para. (c) of Clause (1) of this Article.
3. The Board of Directors shall develop necessary regulations concerning the systems referred to Clause (1) of this Article.

Article (124) TER

**Application for License of Financial Infrastructure System or Extension of its
Scope**

1. Based on the regulations set by the Board of Directors, any legal person may file an application with the Central Bank to obtain a license of financial infrastructure system or

- to expand the scope of a license previously issued.
2. The Board of Directors shall issue the regulations, rules, criteria and conditions pertaining to the licensing of the financial infrastructure system, including:
 - a. Merit and eligibility criteria;
 - b. Resources required for the system; and
 - c. Control and supervisory systems.
 3. The Board of Directors may require the license applicant to meet any further requirements or conditions at its own discretion and as he deems to be in the public interest.

Article (124) QUATER

Deciding on the Application for License of Financial Infrastructure System or Extension of its Scope

1. The application for license of financial infrastructure system or extension of its scope shall be decided on within a period not exceeding sixty (60) working days from the date of satisfying the requirements and conditions of the license. The lapse of such period without reply shall be deemed as rejection of the application.
2. The Central Bank may request the applicant to meet the requirements and conditions of the license within the period it determines.
3. The Central Bank may reject the application or request the expansion of the scope of the license of a financial infrastructure system at its sole discretion, in accordance with the absorptive capacity of the financial sector of the State and the requirements of the domestic market. The decision issued thereby in this regard shall be final and not appealable before the Grievances and Appeals Committee.
4. The applicant shall be notified of the substantiated rejection decision by means of an official notice within a period not exceeding twenty (20) working days from the date of its issuance.

Article (125)

Retail Payment Operations and Related Electronic Services

The Central Bank shall solely:

1. Have the authority to develop regulations, rules, and procedures relating to electronic banking transactions, digital money, and Stored Value Facilities, and shall regulate electronic Retail Payment Systems, and banking and financial electronic services licensed and supervised thereby
2. Take all measures and procedures deemed appropriate to minimize the risks associated with operations and systems referred to in Clause (1) of this Article to which the UAE's financial and economic systems are exposed.

Chapter Two

Powers and Functions of the Central Bank in respect of Financial

Infrastructure Systems

Article (126)

Designation of Systems

1. The Central Bank may designate any Financial Infrastructure System as systemically important if it deems, at its own discretion, that any operational malfunction or inefficient performance of said system would negatively impact processing of the daily operations of financial institutions operating in the UAE, or the stability of the financial system in the UAE.
2. For the purposes of designating a certain financial infrastructure system, one of the following requirements shall be satisfied:
 - a. The system concerned is operating in the UAE;
 - b. The system concerned has the capacity to accept clearing and settlement of financial Transfer Orders denominated in national Currency, without prejudice to provisions of Article (28) hereof; or
 - c. The system concerned has the capacity to provide transfer, clearing or settlement of financial Transfer Orders for retail payment activities denominated in any currency.

3. In case that the Central Bank intends to designate any of the Financial Infrastructure Systems licensed thereby as systemically important, the Central Banks shall:
 - a. Notify the system operator or Settlement Institution, by virtue of an official notice, of the Central Bank's intention to designate said system as systemically important, and shall clarify grounds of such intention. The notice shall include other terms and conditions associated with the designation decision.
 - b. The notice referred to in Para. (a) of this Clause shall set a grace period of no less than ten (10) business days from date of the notice within which the system operator or its Settlement Institution may provide their opinions or state the reasons why the system should not be designated.
 - c. Make its decision whereby the designation of the system is granted within no more than twenty (20) business days as of the date of receipt of responses from parties concerned, or expiry of the grace period stated in the notice without response.
4. The operator or the Settlement Institution of the Designated System may file a grievance against the designation decision referred to in Clause (3) of this Article with the Grievances and Appeals Committee in accordance with the provisions of Part (V) of this Decree by Law.
5. The Clearing and Settlement Systems established, developed, and/or operated in accordance with the provisions of Article (124) hereof shall be deemed as Designated Systems.
6. In case that the Central Bank intends to designate any of the Financial Infrastructure Systems licensed by any other Regulatory Authorities in the UAE or in other jurisdictions as systemically important, the Central Bank shall express its opinion in this regard to the regulatory authority concerned. Should the regulatory authority concerned has no objection to such designation, it shall:
 - a. Notify the system operator or Settlement Institution, by virtue of an official notice, of the grounds of such designation. The notice shall include other terms and conditions associated with the designation decision.
 - b. The notice referred to in Para. (a) of this Clause shall set a grace period of no less than ten (10) business days from date of the notice within which the system operator or

Settlement Institution may provide their opinions or state the reasons why the system should not be designated.

- c. Make its final decision whether to approve or disapprove the Central Bank's request to designate the system concerned within no more than twenty (20) business days as of the date of receipt of responses from parties concerned, or expiry of the grace period stated in the notice without response.
7. The Central Bank may revoke designation of a particular Financial Infrastructure System licensed thereby, or request the regulatory authority concerned to take the same action if the Central Bank deems, at its own discretion, that the system is no longer of systemic importance. The regulatory authority concerned, the operator of the system, or its Settlement Institution, as the case may be, shall be officially notified of such decision.

Article (127)

1. The Central Bank shall have the sole authority to supervise operations of systems licensed thereby and to ensure their soundness, in accordance with relevant international standards. For this purpose, the Central Bank may require the systems operators or Settlement Institutions to adopt necessary measures and procedures.
2. The Central Bank shall be responsible for monitoring the implementation of additional supervisory measures and procedures concerning Designated Systems licensed by other Regulatory Authorities whether inside the UAE or in other jurisdictions in cooperation and coordination with the regulatory authority concerned, in this regard, the Central Bank may request the regulatory authority concerned to:
 - a. Obligate operators of designated systems or settlement institutions of the same to comply with Central Bank's instructions in this respect and any relevant international standards;
 6. Ensure proper and regular functioning of Designated Systems.
 - c. Ensure soundness of financial positions of operators of Designated Systems and their Settlement Institutions, as necessary; and
 - d. Require the operators of the Designated Systems or their Settlement Institutions to provide it with the information deemed necessary for achievement of its objectives

and discharge of its functions.

3. The Central Bank may appoint whoever deemed appropriate from among experts and advisors specialized in financial infrastructure to assist the Central Bank in performing its duties and functions in accordance with the provisions of Part (IV) hereof to keep in line with best international standards and practices in this field.

Article (128)

Suspension or Revocation of the License

1. The Central Bank may suspend or revoke the license granted by the same to a Financial Infrastructure System, pursuant to the provisions of Articles Nos. (124) and (125) of this Decree-Law, by virtue of an official notice to the respective operator or the Settlement Institution of such system, and may take necessary actions in this respect, as the case may be, if it decides that such system is no longer capable of conducting its operations. The Central Bank shall grant a time limit of no less than twenty (20) business days, as of the date of the notification, within which the relevant system operator or the Settlement Institution may file an objection to the Central Bank's decision on the suspension or revocation of the license, and shall provide their justifications for such objection in accordance with the provisions of Part V. hereof.
2. In case the Central Bank considers that any Designated System licensed by any Regulatory Authorities in the State or in other jurisdictions is no longer capable of conducting its operations, the Central Bank may request the relevant regulatory authority under an official notice to suspend or revoke the license of said system and to take necessary actions in this respect, as the case may be. The relevant regulatory authority shall have the right to approve or reject the request of the Central Bank. In case of the approval, the procedures and controls applicable with such authority shall apply.
3. In all cases, the suspension or revocation of a license granted to a Designated System in accordance with the provisions of this Article shall not affect any transaction cleared or settled by the system concerned prior to the effective date of the suspension or revocation.

Article (129)

Authority to Develop Regulations and Instructions

1. The Board of Directors shall develop regulations, rules, instructions, directives, and codes of conduct as deemed appropriate for the implementation of the provisions of Part (IV) hereof, and to enable the Central Bank to achieve the objectives and to discharge its functions, including the following:
 - a. Regulations, conditions and rules pertaining to licences granted by the Central Bank pursuant to the provisions of Article Nos. (124) and (125) hereof to operators of Financial Infrastructure Systems, the Settlement Institutions for such systems or participants; and
 - b. Regulations, rules and standards pertaining to the designation of and supervision over Financial Infrastructure Systems as per the provisions of Articles Nos. (126) and (127) hereof, and those pertaining to monitoring operations of said systems, and shall set rules of compliance applicable to participants.
2. The Central Bank may exempt operators of financial infrastructure systems licensed thereby, settlement institutions affiliated to the former, and participants, either in general or in particular, from provisions of the regulations, rules, directives and controls issued thereby.

Article (130)

Determining Violations

1. The Board of Directors shall develop regulations specifying types of violations pertaining to Financial Infrastructure Systems licensed by the Central Bank. Any of the following instances shall be considered a violation to the terms and conditions relating thereto:
 - a. Violation of operational requirements of systems and of relevant settlement rules and procedures.
 - b. Failure of an operator of a system or its Settlement Institution to comply with the Central Bank request for information or documents.
 - c. Failure to comply with Central Bank's decisions and instructions, and failure to take a particular action deemed necessary by the Central Bank to render the system

- compliant with the criteria sets by the Central Bank.
- d. Failure of an operator of a system or its Settlement Institution to report any action taken under the systems Default Arrangements in respect of a participant.
 - e. Failure of a participant to notify the system operator, its Settlement Institutions and the Central Bank of any of judgment rendered to declare said person bankrupt or place it under liquidation.
 - f. Operating a system without obtaining a license in accordance with the provisions of Articles Nos. (124) and (125) hereof.
 - g. Failure of an operator of a system or its Settlement Institution to comply within a specified period with any request from the Central Bank or any other government body in connection with any default.
 - h. Failure of an operator of a system to notify the Central Bank of judgment rendered declaring bankruptcy or liquidation of any participant.
 - i. Providing the Central Bank with incorrect or misleading information.
 - j. Adding an incorrect entry to any registration book or to any document related to a particular system, or causing alteration, deletion or obliteration of such entry.
 - k. Any other action pertaining to clearing and settlement or retail payment transactions deemed by the Central Bank a violation.
2. The Central Bank may take any actions, as deemed appropriate, to correct any violations referred to in Clause (1) of this Article, and shall determine method settlement thereof.
 3. The Central Bank shall officially notify the violating Person under provisions of Clause (1) of this Article of any actions to be undertaken against it. The violating Person shall be granted a grace period of no more than ten (10) business days from date of the notice within which it may file a grievance against the Central Bank decision. In case the grievance is rejected, the violating person may refer the matter to the Grievances and Appeals Committee pursuant to the provisions of this Decree by Law. The decision of the Grievances and Appeals Committee shall be final. Should the violating person not respond to Central Bank's decision within the period prescribed in this Clause, the decision of the Central Bank shall be final and enforceable.

Chapter Three
Finality of Transactions and Proceedings

Article (131)

Finality of Payment and Settlement

1. All transactions conducted through a Financial Infrastructure System meeting one of the designation conditions aforementioned in Clause (2) of Article (126) hereof shall be final, irrevocable and irreversible in the following cases:
 - a. Transfer of money from or to the account of a participant;
 - b. Settlement of a payment obligation; and
 - c. Settlement of an obligation to transfer, or the actual transfer of book-entry securities.
2. Entry of any transfer or settlement pertaining to the transactions referred to in Clause (1) of this Article may not be cancelled, set aside, re-paid, reversed, rectified, or suspended whether by a court judgment or order, or by law.

Article (132)

Precedence of Implementation of Rules and Procedures of Financial Infrastructure Systems over Rules and Procedures of General Insolvency and Bankruptcy

1. Upon commencement of liquidation of assets of a person under liquidation, insolvency, financial restructuring, or bankruptcy, none of the following operations and procedures which have been carried out through Financial Infrastructure Systems meeting one of designation conditions aforementioned in Clause (2) of Article (126) hereof shall be affected to the extent that they are pertaining to the following:
 - a. A Transfer Order;
 - b. Any disposition of property pursuant to the Transfer Order;
 - c. Default Arrangements of such systems;
 - d. Rules and procedures of such systems concerning the settlement of Transfer Orders not processed under the Default Arrangements of such systems; and
 - e. Any procedure taken to liquidate the securities deposited as security and related to

- parties participating in such systems, other than the Default Arrangements thereof.
2. Trustee, receiver in bankruptcy or any other person appointed to manage the bankruptcy in cases of bankruptcy or liquidation may not take any actions or procedures contrary to the provisions of this Decree by Law, or actions or procedures which would preclude or affect Default Arrangements of systems referred to in Clause (1) of this Article.
 3. In cases of bankruptcy or liquidation, no obligation arising out of a Transfer Order under Default Arrangements of systems referred to in Clause (1) of this Article may be established until the completion of the transfer or payment order.
 4. A debt or other liability arising pursuant to Clause (3) of this Article may not be taken into account, whenever such debt or liability is not proven, for the purposes of settling debts of liabilities by way of setting-off, clearing, or netting until the completion of the action taken under the Default Arrangements of such systems.

Article (133)

Netting of Obligations of Insolvent or Bankrupt Participating Parties

1. Operator of a Financial Infrastructure System, which meets any of the designation conditions referred to in Clause (2) of Article (126), may perform Netting of debit or credit liabilities of a Participant in this system which are incurred before the point of time when the competent court decides to declare the bankruptcy or liquidation of the participant concerned.
2. In case that Netting has been effected as provided in Clause (1) of this Article:
 - a. Liabilities already netted shall be set aside from the bankruptcy or liquidation proceedings; and
 - b. Net unpaid liabilities owed to or by the Participant in the system that has not been cleared yet shall be payable to the Participant and may be recovered for the benefit of his creditors or are provable in the bankruptcy or liquidation, as the case may be.
3. Netting operations processed by the system concerned operator in accordance with Clause (1) of this Article may not be cancelled during a bankruptcy or liquidation process, nor any financial transfers already paid in accordance with Para. (a) of Clause

(2) of this Article.

Article (134)

Reservation of Rights Pertaining to Transactions

1. Unless as otherwise expressly provided for herein, this Decree by Law shall not limit, restrict or otherwise affect:
 - a. Any right, title, interest, privilege, obligation or liability of a person resulting from any transaction in respect of a Transfer Order that has been entered in a Financial Infrastructure System meeting any of the designation conditions referred to in Clause (2) of Article (126).
 - b. Any investigation, judicial proceedings or remedies in respect of any such right, title, interest, privilege, obligation or liability.
2. Nothing in Clause (1) of this Article shall be construed to require:
 - a. Revocation of any netting process performed by the operator of the system concerned, whether pursuant to its Default Arrangements or otherwise;
 - b. Revocation of any Transfer Order given by a participant which has been entered into the system concerned; or
 - c. Reversal of a payment or settlement made under the operating rules of the system concerned.

Article (135)

Obligation of Participant to Report Insolvency

1. A Participant in a Financial Infrastructure System, which meets any of the designation conditions referred to in Clause (2) of Article (126), shall notify the operator of the system or its Settlement Institution, the regulatory authority concerned, and the Central Bank, as soon as practicable, if it becomes aware of occurrence of any of the following instances inside the UAE or in other jurisdictions:
 - a. Submission of a plea for declaration of bankruptcy or liquidation thereof;
 - b. Rendering a judgment declaring bankruptcy or liquidation thereof; or
 - c. Initiation of a bankruptcy or liquidation declaration upon the request of owners,

- shareholders, or management of a Participant.
2. A participant failing to notify of occurrence of an event referred to in Clause (1) of this Article within the required timeframe shall not be deemed in violation in case that:
 - a. He has taken reasonable actions to comply with the provisions of Clause (1) of this Article; or
 - b. The bodies referred to in Clause (1) of this Article were already aware of the relevant event by the time the participant was required to notify the operator under the provisions of this Article.

Part Five

Deciding on Grievances and Appeals

Article (136)

Grievances and Appeals Committee

1. An independent committee called the "Grievance and Appeal Committee" shall be established under the provisions of this Decree-Law. The Cabinet shall issue, at the proposal of the Board of Directors, a resolution on its formation, term of office, work system and all procedures and rules related to the adjudication of grievances and appeals, including fees payable for the examination thereof.
2. The formation of the committee shall include one or more judge(s) and two experts in financial and banking matters.
3. Nominated committee's members may neither be members of the Board of Directors, nor occupy any position at the Central Bank or at any of the Licensed Financial Institutions.
4. The committee's chairperson or any of its members may not have any interest with any party to the dispute; otherwise, he must disclose such interest. In such case, another member shall be temporarily appointed to examine the dispute.
5. Except for regulations, guidelines, directives, policies and regulatory and supervisory resolutions of a public nature, the Committee shall have the sole and exclusive jurisdiction to decide on grievances and appeals filed against any decisions related to financial and banking activities issued by the Central Bank, pursuant to the provisions of

this Decree-Law. In order to carry out its functions, it may take all or some of the following actions:

- a. Summon any person to appear before the Committee to provide any evidence, testimonies, information or statements, and examine the same;
 - b. Hear the testimony of any witnesses under the legal oath;
 - c. Assign any experts, as deemed appropriate, to express an opinion on any matter related to the dispute; and
 - d. Take any actions and issue any instructions its deems appropriate to perform its functions.
6. No appeal against decisions falling within the Committee's functions may be admissible, pursuant to the provisions of this Article, before being grieved or challenged before the Committee and the grievance is decided, as the case may be.
 7. If the Committee decides to reject or dismiss any grievance or appeal, the Committee may impose a fine of not more than (AED 200,000) two hundred thousand Dirhams on the applicant.
 8. The Committee may stay the execution of the grieved or appealed decision, if it deems necessary, until a decision is made on the dispute.
 9. No grievance or appeal against any decision may be admissible before the Committee following the lapse of (15) fifteen business days of the date of notifying the stakeholder or where his knowledge is certainly established.
 10. The decision made by the Committee on a grievance or appeal shall be final and may be challenged only before the Higher Federal Court within twenty (20) business days of date of the decision notification. Upon request of the appellant, the Higher Federal Court may stay the execution of the decision made by the Committee until the Court adjudicates the disputed matter if it considers that the appeal is grounded on genuine grounds and that the continuation in executing the Committee's decision shall have irreversible consequences.

Part Six
Administrative and Financial Penalties and Punishments
Chapter One
Administrative and Financial Penalties
Article (137)

1. Without prejudice to any other penalties provided for in other laws in the State, in case a violation is proven to have been committed by a Licensed Financial Institution or by an authorized person of the provisions of this Decree-Law or resolutions, rules, standards or instructions issued by the Central Bank in implementation thereof, or any measures adopted by the Central Bank, including anti-money laundering and financing terrorism and unlawful organizations, the Central Bank may impose, at its sole discretion, one or more of the following penalties or take any of the following measures:
 - a. Draw the violator's attention by any means whatsoever;
 - b. Obligate the violating Licensed Financial Institution to take necessary measures and actions that the Central Bank deems appropriate to rectify the violation;
 - c. Prevent the violating Licensed Financial Institution from conducting some operations or performing some Licensed Financial Activities, or impose any restrictions, conditions or other limitations on practicing all or part of the operations and activities;
 - d. Impose conditions or restrictions on the license of the violating Licensed Financial Institution;
 - e. Reduce or suspend the violating Licensed Financial Institution's ability to withdraw from the Central Bank's funds through the Standing Facilities;
 - f. Obligate the violating Licensed Financial Institution to deposit funds with the Central Bank without an interest for the period the Central Bank deems appropriate, in addition to the credit balance referred to in Article (32) of this Decree-Law;
 - g. Impose a fine of four hundred (400) basis points over the prevailing base interest rate with the Central bank on any shortfall on the obligatory Reserve referred to in Article (32) of this Decree-Law;

- h. Request the violating Licensed Financial Institution to return to customers the funds obtained from as a result of the Institution's violation of the provisions of this Decree-Law. In addition, any excess funds, including income and profits, shall be transferred to the Central Bank;
 - i. Impose a fine amounting to one (1) to ten (10) times the value of unjust enrichment, as determined by the Central Bank, which the violating Licensed Financial Institution has illegally acquired as a result of the violation;
 - j. Impose a fine of no less than (AED 2,000,000) two million Dirhams on the violating Licensed Financial Institution;
 - k. Delink the violating Licensed Financial Institution from one or all Financial Infrastructure Systems;
 - l. Withdraw the license of the violating Licensed Financial Institution and deregister the same;
 - m. Impose conditions or restrictions on the authorization granted to the violating Authorized Person;
 - n. Impose a fine of not less than (AED 100,000) one hundred thousand Dirhams and not exceeding (AED 2,000,000) two million Dirhams on the violating Authorized Person;
 - o. Prohibit the violating Authorized Person from undertaking any of the Designated Functions at the Licensed Financial Institution he works for, or at any other Licensed Financial Institution.
 - p. Any other financial or administrative measures or penalties issued under a decision of the Board of Directors. Such decision shall identify the authority authorized to impose such penalties or measures.
2. Penalties provided for in Clause (1) shall be imposed by virtue of a resolution by the Governor, except for the penalty provided for in Clause (l) where it shall be imposed by virtue of a decision of the Board of Directors.
3. In all cases, the violator shall be notified officially of the reasoned decision not later than fifteen (15) business days of the date of said decision. Such notice shall include the following information:

- a. Content of the decision;
- b. Reasons for the decision;
- c. Effective date the decision; and
- d. Advising the violator of its right to file a grievance against the decision before the Grievance and Appeal Committee, pursuant to the provisions of this Decree-Law.

Chapter Two

Punishments

Article (138)

Without prejudice to any more severe punishment provided for in any law, committers of offences referred to in the following Articles shall be punished pursuant to the respective punishments stated therein.

Article (139)

An employee or representative of the Central Bank, any member of the committees formed within the Central Bank, or any Board Member who discloses any confidential information in breach of provisions of Article (26) of this Decree by Law shall be punished by imprisonment for a term not exceeding three (3) months and or a fine not exceeding one hundred thousand Dirhams (AED 100,000).

Article (140)

Whoever issues Currency in contravention to the provisions of this Decree by Law shall be punished by imprisonment for a term not exceeding twenty (20) years and/ or a fine not exceeding one hundred million Dirhams (AED 100,000,000).

Article (141)

Whoever intentionally mutilates, destroys or tears up Currency publicly shall be punished by imprisonment and a fine that is not less than ten thousand Dirhams (AED 10,000) or one of these two punishments.

Article (142)

1. Whoever contravenes the provisions of Clause (1) of Article (68) of this Decree by Law shall be punished by imprisonment and/ or with a fine not less than two hundred thousand Dirhams (AED 200,000) and not exceeding ten million Dirhams (AED 10,000,000).
2. Whoever contravenes the provisions of Clause (2) of Article (68) of this Decree shall be punished by imprisonment for a term not exceeding six (6) months and/ or with a fine not less than one hundred thousand Dirhams (AED 100,000) and not exceeding five million Dirhams (AED 5,000,000).

Article (143)

Whoever violates the conditions and restrictions imposed on a licence granted to perform Licensed Financial Activities shall be punished with a fine not less than two hundred thousand Dirhams (AED 200,000) and not exceeding ten million Dirhams (AED 10,000,000).

Article (144)

Whoever contravenes the Central Bank's instructions regarding imbalance of the balance sheet referred to in Article (116) of this Decree by Law shall be punished by imprisonment for a term not less than one (1) year, and/ or a fine of not less than one million Dirhams (AED 1,000,000) and not exceeding ten million Dirhams (AED 10,000,000).

Article (145)

Whoever contravenes any of the provisions of Article No. (72) of (96) of this Decree by Law shall be punished by imprisonment and/ or a fine of not less than five hundred thousand Dirhams (AED 500,000) and not exceeding ten million Dirhams (AED 10,000,000) Dirhams.

Article (146)

Whoever contravenes any of the provisions of Article (83) of this Decree by Law shall be

punished by imprisonment for a term of not less than one (1) year and/ or a fine of not less than five hundred thousand Dirhams (AED 500,000) in addition to an extra daily fine of fifty thousand Dirhams (50,000) in case of continued breach, which cumulatively may not exceed five million Dirhams (AED 5,000,000).

Article (147)

Whoever commits any of the following violations shall be punished by imprisonment for a term not exceeding two (2) years and/ or a fine of not less than five hundred thousand Dirhams (AED 500,000) and not exceeding five million Dirhams (AED 5,000,000):

1. Provides incorrect or incomplete facts, information, or data included in any statements or documents submitted to the Central Bank.
2. Conceals any facts from the statements, information, minutes, papers, or other documents submitted to the Central Bank or to representatives, employees, and auditors thereof.
3. Destroys, adjust or modifies any document relating to a matter under investigation by the Central Bank, or sends or causes to be sent out of the State such a document.
4. Obstructs, resists, or causes the delay of the progress of an investigation by the Central Bank or the furnishing the Central Bank with information.
5. Connives with another person to commit any of the acts referred to in Clause (1) through (4) of this Article.

Article (148)

Whoever intentionally discloses the confidential banking and credit information referred to in Article (120) of this Decree by Law shall be punished by imprisonment and a fine of not less than one hundred thousand Dirhams (AED 100,000) and not exceeding five hundred thousand Dirhams (AED 500,000).

Article (149)

1. Where a violation was committed by a legal person, the official in charge of actual management thereof shall be punished by the same punishments prescribed for actions

committed in violation of the provisions of this Decree by Law, whenever his awareness of the violation is established, or if the violation is a result of his negligence or failure to perform his duties.

2. The legal person shall be responsible jointly with the official in charge of actual management in respect of the imposed financial fines and damages if the violation was committed in the name and on behalf of the legal person by one of its employees.

Article (150)

Whoever commits any of the violations relating to Financial Infrastructure Systems referred to in Article (130) of this Decree shall be punished by imprisonment and/ or a fine not less than one hundred thousand Dirhams (AED 100,000) and not exceeding ten million Dirhams (AED 10,000,000).

Part Seven

General Provisions

Article (151)

Scope of Application of this Decree by Law

Provisions of this Decree by Law shall apply to the Central Bank, Licensed Financial Institutions, Licensed Financial Activities and persons governed thereby. This Decree by Law shall not apply to the Financial Free Zones and the financial institutions regulated by the authorities of these zones.

Article (152)

Statutes in Force to Remain in Force

Statutes, resolutions, and circulars issued pursuant to the provisions of Federal Law No. (10) of 1980 Concerning the Central Bank, the Monetary System, and the Regulation of the Banking Profession, as amended; and Federal Law No. (6) of 1985 Concerning Banks, Financial Institutions, and Islamic Investment Companies shall remain in force until the statutes, resolutions and circulars which shall replace them are issued within no more than

three (3) years from the date of entry into force of this Decree by Law.

Article (153)

Adjustment of Statutes

All entities and persons governed by the provisions of this Decree by Law shall adjust their statutes in accordance with the provisions of this Decree by Law within the period to be specified by the Board of Directors.

Article (154)

Repealing Conflicting Provisions

Provisions contravening or conflicting with the provisions of this Decree by Law shall be repealed. Further, Federal Law No. (10) of 1980 Concerning the Central Bank, the Monetary System, and the Regulation of the Banking Profession, as amended, and Federal Law No. (6) of 1985 Concerning Banks, Financial Institutions, and Islamic Investment Companies shall be repealed.

Article (155)

Fees and Charges

The Central Bank may impose fees and charges for providing services, and issuing licenses and authorizations, as deemed appropriate, in accordance with the nature and scope of functions, activities, and the controls set by the Board of Directors. A decision to this effect shall be made by the Board of Directors and shall be published in the Official Gazette and on the Central Bank's official website.

Article (156)

Enforceability of Judgments of Foreign Judicial Bodies

Judgments and decisions issued by foreign judicial and law enforcement authorities in respect of national Licensed Financial Institutions and branches of foreign Licensed Financial Institutions operating in the UAE shall apply in accordance with applicable legal

proceedings of laws in force in the UAE.

Article (157)

Interpretation of the Technical Terms Referred to in this Decree-Law

1. If there is any reference in any legislation applicable in the State to the UAE Dirham, "Currency", "Cash", "Monetary Funds" or "Fund" or any similar terminology, this shall include the digital currency subject to provisions of this Decree-Law, unless context requires otherwise.
2. Virtual assets defined in applicable legislations in the State shall not be deemed a currency subject to provisions of this Decree-Law. Regulations, by-laws and rules issued by the Board of Directors shall be applicable to virtual assets and currencies if used as a method or instrument of payment or exchange.
3. The Central Bank may issue a list of interpretation for all technical terminologies stated in this Decree-Law and such list shall be published on the official website of the Central Bank.

Article (158)

Date of Entry into Force of this Decree by Law

This Decree by Law shall be published in the Official Gazette, and shall enter into force on the day following the date of its publication.

Khalifa Bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi

Date: 13 th of Muharram 1440 A.H.

Corresponding to 23 rd of September 2018 A.D.