

Federal Decree- Law No (9) of 2018, Regarding Public Debt

We, Khalifa Bin Zayed Al Nahyan,

President of the United Arab Emirates,

- Having perused the constitution;
- Federal Law No (1) of 1972, Regarding Jurisdictions of Ministries and Powers of Ministers, and amendments thereto;
- Federal Law No (7) of 1976, On the Establishment of the State Audit Institution, and amendments thereto;
- Federal Law No (10) of 1980, Regarding the Central Bank, the Monetary System & Organization of Banking, and amendments thereto;
- Federal Law No (5) of 1985, Promulgating the UAE Civil Transactions Law and amendments thereto;
- Federal Law No (10) of 1992, Promulgating the Evidence Law in Civil & Commercial Transactions and amendments thereto;
- Federal Law No (4) of 2000, Regarding the UAE Securities and Commodities Authority & Market and amendments thereto;
- Federal Law No (1) of 2006, Regarding Electronic Transactions & Commerce;
- Federal Law No (4) of 2007, Regarding Establishment of The Emirates Investment Authority, and amendments thereto;
- Federal Decree- Law No (8) of 2011, Regarding the Rules for Preparation of the General Budget and Final Accounts;
- Federal Law No (12) of 2014, Regarding Reorganization of Accounts Auditors Profession;
- Federal Law No (2) of 2015, Regarding Commercial Companies, and amendments thereto;
- Federal Decree- Law No (9) of 2016, Regarding Bankruptcy;
- Federal Decree- Law No (13) of 2016, Regarding the Establishment of the Federal Tax Authority; Federal Law No (20) of 2016, Regarding Pledge of Movable Properties in Guarantee of Debt; Federal Law No (7) of 2017, Regarding Tax Procedures; and
- Based on the proposal of the Finance Minister and approval of the Cabinet;

Promulgated the following Law:

Article (1)

Definitions

Wherever mentioned in this Decree-Law, and unless the context indicates otherwise, the following words and expressions shall bear the meaning assigned thereto respectively:

The UAE	: The United Arab Emirates
The Government	: The UAE Government
The Local Government	: The Government of any of the Union's Member Emirates
The Minister	: The Minister of Finance
The Ministry	: The Ministry of Finance
The Central Bank	: The Central Bank of the United Arab Emirates
The Governor	: The Governor of the Central Bank
The Office	: The Public Debt Management Office
Public Debt	: Direct and indirect outstanding obligations, denominated in the UAE Dirham or any other foreign currencies, owed by the Government.
Local Public Debt	: Direct and indirect outstanding obligations, denominated in the UAE Dirham or any other foreign currencies, owed by one or more Local Governments, in accordance with the provisions of this Decree-Law
Public Debt Instrument	: Any debt instrument issued by the Government or to which the Government is a party, in accordance with this Decree-Law, and which contains an undertaking by the Government to pay a certain amount of money, including Islamic financial instruments, treasury bonds, promissory notes, treasury bills, debt rescheduling bills, government bonds, general or commercial loans, credit facilities or payment securities.
Local Public Debt Instrument	: Any debt instrument issued by the Local Government of any Emirate or to which the same is a party, and which contains an undertaking by the Local Government to pay a certain amount of

money, including but not limited to financial instruments referred to in the definition of Public Debt Instrument.

- Outstanding Public Debt** : The total current and outstanding balance of public debt, which has not been paid.
- Public Debt Surplus** : The remaining balance of the value of Public Debt Instruments issued, and which has not been deployed in accordance with the provisions of this Decree-Law
- Government's Own Stable Revenue** : Financial revenue generated from the provision of services and implementation of various activities by the Government and Government Entities – whose revenue is part of the Government's Own Stable Revenue -, including the annual recurring revenue, for which no fixed and compulsory amount is required to be generated in order to classify such a revenue as stable. This revenue may vary between specific percentages, up or down, but not exceeding ten percent [10%] of the arithmetic mean for the latest three (3) years.
- Government Entities** : The public authorities and institutions and companies wholly or partially owned by the Government or by a government-owned entity.
- Electronic Register** : An electronic register created and kept by the Ministry for recording the ownership of Public Debt Instruments.

Article (2)

Objectives of Federal Law

1. This Decree-Law regulates the general rules governing the issuance and management of Public Debt in accordance with a prudent and safe policy, to manage its risks and minimize its cost.
2. The Government may issue, or become a party to, a single public debt instrument or a group of public debt instruments, to achieve any of the following objectives:
 - a. Support and develop a highly efficient financial market in the UAE;

- b. Finance infrastructure projects and governmental development projects, as approved by the Cabinet;
- c. Ensure that the Public Debt Instruments contribute to the development and diversification of primary and secondary financial markets in the UAE;
- d. Support the implementation of the Central Bank's fiscal policy;
- e. Refinance or substitute an outstanding Public Debt;
- f. Cover any financial security issued by the Government in accordance with the provisions of this Decree Law;
- g. Settle any other emergency government financial obligation approved by the Cabinet, based on a proposal by the Minister;
- h. Any other objectives that are consistent with the purposes of this Decree Law, as approved by the Cabinet; and
- i. Any other objectives determined under a special law.

Article (3)

The Public Debt Management Office

1. An office for the management of public debt shall be established at the Ministry, shall be cited as "Public Debt Management Office", and shall be directly reporting to the Minister. The Office shall perform the following functions:
 - a. Propose strategies and policies of public debt management in coordination with the Central Bank, and submit the same to the Minister for approval by the Cabinet;
 - b. Implement the strategies and policies approved by the Cabinet in coordination with the Central Bank;
 - c. Provide advice to the Minister regarding the preparation of proposals related to the issuance of Public Debt Instruments to be submitted to the Cabinet, in coordination with the Central Bank;
 - d. Monitor the financial risks and any other risks related to the issuance and trading of any Public Debt Instrument, and propose solutions to manage and monitor such risks;

- e. Provide advice to the Minister on the investment mechanisms for any Public Debt Surplus through safe and highly liquid investment instruments, in coordination with the Central Bank and the Emirates Investment Authority;
- f. Provide advice to the Minister to determine the level of acceptable risks when borrowing or issuing any securities for the purpose of implementing any of the governmental development projects;
- g. Coordinate with the Central Bank for the management of issuance and sale of government bonds, treasury bills, and any other government securities;
- h. Manage the issuance and sale of any other Public Debt Instruments, in coordination with the Central Bank;
- i. Coordinate with the Local Government in each emirate to support and develop highly efficient primary and secondary financial markets, through the issuance of Public Debt Instruments in the UAE;
- j. Provide advice to the Minister on the policies and procedures to be undertaken in order to reduce the costs of Public Debt portfolios, and to maintain the levels of associated risks within acceptable levels;
- k. Draw up the annual debt issuance plan;
- l. Identify clear short-term and long-term objectives for public debt management in the UAE;
- m. Submit the necessary reports on the proper public debt management in the UAE;
- n. Monitor the borrowing or finance arrangements carried out by the Government or any Government Entity which is granted, by virtue of the law establishing it, the authority to borrow funds. The Office may demand necessary information about such arrangements, and shall, after receiving such information, draw up the necessary reports and submit them to the Minister;
- o. Provide support and advice to the Government or any Government Entity which is granted, by virtue of the law establishing it, the authority to borrow funds, for determining the policies and procedures to be carried out for managing its own borrowing or finance; and
- p. Perform any other functions assigned to the Office by the Minister within the framework of the purposes stipulated in this Decree-Law.

2. The Minister shall issue a resolution regarding the organizational structure of the Office and the regulations governing its functions.

Article (4)

Issuance of Public Debt Instruments

1. The public debt shall be established under a law, which shall specify the following points:
 - a. The purposes of issuing the instrument(s).
 - b. The maximum total amount for the instrument(s) to be issued.
 - c. The period of issuance and offering of the instrument(s) and the maturity date for payment.
2. The Cabinet may, based on a proposal by the Minister, issue resolutions on the following:
 - a. Type of the Public Debt Instrument(s).
 - b. The way of offering the public debt instrument(s).
 - c. Reissuance of the Outstanding Public Debt within the time limit and ceiling specified in the issuance law.

In addition, the Cabinet may authorize the Minister to take necessary measures to implement the provisions of this Decree Law regarding the management of the Public Debt Instrument(s) and the resolutions issued by the Cabinet in this regard.

Article (5)

The terms of any Public Debt Instrument shall not be amended after announcing the conditions of its offering and trading.

Article (6)

Maximum Total Amount of Outstanding Public Debt

At no time shall the total amount of Outstanding Public Debt exceed the amount determined by a resolution of the Cabinet, and not exceeding Two Hundred Fifty percent (250%) of the Government's Own Stable Revenue. For the purposes of this Article, the Public Debt Surplus or the proceeds of its investment, the interests resulting from it or its service costs shall not be included in the total Outstanding Public Debt. For the purposes of this Article, the government

securities granted in respect of the public debt shall not be included in the total public debt, unless either the government security's obligation is converted into an outstanding public debt or a cabinet resolution indicating otherwise is issued.

Article (7)

The Government may allocate not more than fifteen percent [15%] of total outstanding public debt at any time for financing infrastructure projects.

Article (8)

Management of the Public Debt Surplus

The Minister shall be authorized to conclude one agreement or more with the Central Bank and the Emirates Investment Authority or with both parties to invest any funds that have been registered by the Ministry as Public Debt Surplus.

Article (9)

The Strategy of Public Debt Management

1. The Minister shall prepare a strategy and an action plan for the management of the Public Debt and shall update it annually or whenever it deems necessary, in coordination with the Governor to achieve the objectives of this decree law.
2. The Minister shall submit the strategy and the action plan for Public Debt Management to the Cabinet for approval.
3. The strategy and the action plan for Public Debt Management shall be published in the Official Gazette, following its approval by the Cabinet.

Article (10)

Settlement of Public Debt Instruments

1. A Public Debt Instrument shall be considered an absolute and unconditional obligation on the Government to be settled from its resources, and shall have a lien for settlement ahead of all other debts.

2. Funds required for the settlement of Public Debt and its service charges shall be included annually in the State General Budget.
3. The Minister may authorize the Central Bank to automatically withdraw funds from the Government's accounts kept with the Central Bank for the purpose of making settlement of any of the Public Debt Instruments. Notwithstanding the provisions of any other law, the Cabinet may, based on the Minister's proposal and in coordination with the Central Bank, authorize the latter to settle any Public Debt Instrument by virtue of overdraft facility, in emergency cases resulting from the late availability of the necessary funds allocated by the Government for settling the maturity of such instruments for any unexpected reason. The Minister may exercise the powers vested in the Cabinet under this Clause, in urgent cases, and shall notify the Cabinet of the same.
4. If the settlement date for a public debt amount falls on a public holiday of the government or banks operating in the UAE, the first following business day shall become the due date for settlement, unless otherwise provided for in the loan agreement entered into by the Government.

Article (11)

Financial Guarantees of the Government

1. Without prejudice to the text of Article (6) of this Decree by Law, the Government may provide one or more governmental financial guarantees or issue similar financial guarantees or arrangements based upon a recommendation by the Minister and subject to approval of the Cabinet on behalf of:
 - a. Any Government Entity; and
 - b. Any other entity named under a federal law or according to the provisions of a federal law.
2. The Cabinet shall, based upon a proposal by the Minister, issue a resolution specifying the terms and conditions governing the issuance of the governmental financial guarantee.
3. The Minister shall be authorized, by virtue of this Decree Law, to issue the required governmental financial guarantee in implementation of the Cabinet Resolution referenced in Clause (1) of this Article.

4. The Minister shall notify the UAE Federal National Council of the guarantees provided by the government in implementation of the provisions of this Article, within (30) thirty days at most from the date of providing them.

Article (12)

Re-lending Borrowed Funds

Re-lending of collected funds from the issuance of any Public Debt Instrument may be approved, by a Cabinet resolution in order to achieve any of the objectives specified in Article (2) of this decree law. Such a resolution shall specify the category of eligible parties to borrow, total amount allocated for re-lending, and the terms of settlement for the amount borrowed.

Article (13)

Public Debt Management Report

1. The Minister shall submit an annual report regarding the management of the Public Debt to the Cabinet for endorsement within the first three months of the beginning of each financial year for the Government. The report shall include a review of the activities of the previous financial year compared to the approved strategy for the management of Public Debt along with an overview for the current financial year's borrowing plans based on expectations referred to in the State's annual budget.
2. The report shall be published in the Official Gazette once endorsed by the Cabinet.

Article (14)

Audit

1. The Office shall have one or more external auditors to be selected from among the licensed audit firms in the UAE. The Minister shall issue a resolution appointing the external auditor for a one-year term, renewable, and determining its fees.
2. The external auditor shall conduct the audit of the accounts of the Office and shall draw up a report every six (6) months regarding the extent to which the Office complies with the provisions of this Decree-Law and the resolutions issued in implementation hereof with respect to such accounts, and shall submit the report to the Minister.

3. The external auditor may, at any time, audit the records, accounts and all other documents of the Office; and may request clarifications as deemed necessary for the performance of its duties, review the outstanding rights and obligations related to the activities of the Office, in accordance with the provisions of this Decree-Law and the resolutions issued in implementation hereof.

Article (15)

Offering, Listing and Registration

1. Public Debt Instruments shall be issued in electronic forms and shall be registered in an Electronic Register kept with the Ministry, and may also be issued in the form of paper certificates.
2. Public Debt Instruments may be offered for subscription on the basis of a public offering or private placement process, in accordance with the offering and trading rules established under a resolution of the Cabinet.
3. Subject to the provisions of Clause [2] of this Article, the Public Debt Instruments offered for public subscription shall be listed on one or more of the financial markets operating in the UAE, in accordance with the provisions of the Federal Law No. [4] of 2000 Regarding the UAE Securities and Commodities Authority & Market, as amended. Notwithstanding the provisions referred to in the aforementioned law and the resolutions issued pursuant thereto, Public Debt Instruments may be offered for subscription or listed on one or more of the international financial markets.
4. The data and entries recorded in the Public Debt Instruments' register kept in accordance with the provisions of Clause (1) of this Article, including the entries related to the trading of Public Debt Instrument, shall have the same probative value granted by the Law to the official documents.
5. Notwithstanding the provisions and rules of evidence set forth in any other law, claims that pertain to Public Debt Instruments may be proven by all legally recognized methods of evidence, including electronic data, telephone recordings, facsimile mailings and e-mail messages; provided that any of such communication methods is supported by a proof that the recipient has received the relevant message.

Article (16)

Public Debt Management Offices in the Emirates

1. The Local Government in each emirate shall, in case of issuing Local Public Debt Instruments, establish an office that has, at least, the same competencies as provided in Article (3) of this decree law, at the level of the concerned administration.
2. Each Public Debt Management Office in the concerned emirate shall take necessary measures to implement the provisions of item (1/i) of Article (3) of this decree law, and shall, as requested, provide the Public Debt Management Office established in accordance with this decree law all the data, information, and statistics necessary for the preparation and issuance of reports, data, statistics, resolutions, and recommendations referred to in this decree law.

Article (17)

Statute of Limitations for Claims

Repealed by Federal Decree-Law No. (18) of 2024.

Article (18)

Exemption from Fees and Taxes

Issuance of any Public Debt Instrument, payment of its value, its returns, interest, or profits resulted therein shall not be subject to any federal or local fees or taxes.

Article (19)

Repealed by Federal Decree-Law No. (18) of 2024.

Article (20)

Repealed by Federal Decree-Law No. (18) of 2024.

Article (21)

Executive Bylaws

The Cabinet shall issue necessary resolutions to implement the provisions of this decree law.

Article (22)

Decree Law Publication and Application

This decree law shall be published in the Official Gazette, and shall come 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, Abu Dhabi:

On: Muharram 10, 1440 Hijri

Corresponding to: September 20, 2018