

Cabinet Resolution No. (29) of 2021, Issuing the Executive Regulations of Federal Law No. (4) of 2020 Securing Rights in Moveable Assets

The Cabinet,

Having Reviewed:

- The Constitution;
- Federal Law No. (1) of 1972 concerning the Competences of Ministries and the Powers of Ministers, as amended;
- Federal Law No. (4) of 2020 Securing the Rights in Movables; and
- Pursuant to the proposal presented by the Minister of Finance, and approved by the Cabinet;

Has resolved as follows:

Article (1)

Definitions

The definitions contained in Federal Law No. (4) of 2020 mentioned above shall apply to this Resolution. Otherwise, the following words and expressions shall have the meanings assigned thereto respectively unless the context requires otherwise:

Identification	The information provided for in Para. (b) of Clause (1) of Article
Number:	(10) of this Resolution.
Control	A written agreement which is concluded by and between the
Agreement:	financial institution, Pledgor, and Pledgee and under which the financial institution agrees to follow the Pledgee's instructions in respect of payment of the amounts deposited in the current

account or deposit account without obtaining the Pledgor's consent later.

Database of the Register: An electronic database in the Register, containing registration information and any other information stipulated under the Law, this Resolution, or the Directives thereunder to be entered in the Register.

Registration Documenting Number: The number designated in the database of the Register for each registration after being documented.

Client's Account: An account created for the purposes of registration and searching data and information included in the Database of the Register, and for obtaining any other service provided by the Register.

Registration Information: The data required to complete the documentation of the registration pursuant to provisions of the Law and this Resolution.

Law: Federal Law No. (4) of 2020 Securing the Rights in Movables.

Written/ in writing: Includes the information created, transferred, received or stored using electronic media, including those made using modern communication facilities.

Organization and Maintenance of the Register

Article (2) Functions of the Register

The Register shall:

1. Register rights in accordance with the provisions of the Law, including any amendment or cancellation thereof;
2. Save and classify the registrations in the Database of the Register;
3. Enable the public to search the Database of the Register and to have access to the registrations contained therein;
4. Issue certified paper or electronic reports including information saved in the Database of the Register in accordance with provisions of Law and this Resolution; and
5. Save the certified search reports, date and time of performing searches, and applied search criteria.

Article (3) Responsibility for The Documentation Information

1. The Register may not verify the contents of the registration or search application.
2. The Register shall not be responsible for the validity or accuracy of the information included in the registration or the information entered in the Database of the Register.

Requirements for Utilizing the Register Services

Article (4) Authorization for documenting the Registration

1. A security contract shall be concluded in writing whether in the form of a formal or informal document.
2. The security contract or any other authorization prior to the conclusion thereof shall be deemed sufficient evidence of the Pledgor's approval of the registration.
3. The Register may not request a proof of the Pledgor's approval of the registration.

Article (5) Procedures for Documenting the Registration

1. In order to document a registration, a person shall have a client account on the Register's website according to the procedures determined by the Register for this purpose.

2. Registration shall be documented in the Register immediately upon fulfillment of requirements and entry of information provided for in the Law and in this Resolution.
3. The Register shall issue an electronic confirmation upon documenting the registration. The confirmation shall include the registration date, time, and number, and the information contained therein, unless otherwise provided for in this Resolution.

Article (6) Procedures for Searching the Database of the Register

1. Any person may search the Database of the Register through entry of any of the following search parameters:
 - a. Documentation number; or
 - b. The identification number.
2. Search shall be performed using the parameters set forth in Clause (1) of this Article exclusively.
3. Any person who searches the Database of the Register may print a search report.
4. The information contained in the search report shall include the following:
 - a. Presence of a registration registered in accordance with provisions of the Law and of this Resolution;
 - b. Date and time of documenting the registration;
 - c. The information included in Article (9) of this Resolution; and
 - d. Any other information included in the registration, except for statistical information.
5. The search report may indicate that there is no documented registration according to the search parameters entered.

Article (7) Search Report

1. Any person may submit an application to the Register to obtain a paper or electronic search report authenticated by the Register and issued in accordance with the provisions

of Article (7) of the Law.

2. The application for obtaining the report shall be submitted by accessing the reports page available at the Register's website and filling in the form designated for this purpose.
3. The search report shall include the information referred to in Paras. (4) and (5) of Article (6) of this Resolution.

Article (8) Rejection of Registration or Search Application

1. The Register shall reject to document the registration in the event that any of the data specified in any of the mandatory fields is not provided, or if the information entered is illegible.
2. The Register may reject a search application if the information required to be entered in one of the search parameters is not entered, or if the information entered is illegible.
3. Except for the cases stipulated in Clauses (1) and (2) of this Article, the Register may not reject applications for documenting the registration or search applications.
4. In case of rejection of documenting the registrations or search applications, the Register shall promptly notify the person who made the registration or searcher of the reason of such rejection.
5. The Register may indicate the corrective action required to be taken to accept the registration or search application.

Documented Information

Article (9) Registration Information

Registration shall include the following information:

1. Pledgor's and Pledgee's data pursuant to Article (10) of this Resolution;
2. Description of the Pledge pursuant to Article (11) of this Resolution;
3. Documentation validity period; and

4. Any other data required by the Register.

Article (10) Identification of Parties

1. Pledgor's data shall be identified through the following:
 - a. Name;
 - b. Identification number as follows:
 1. ID Card Number if it is a natural person having the nationality of the State or residing therein;
 2. Passport number if it is a natural person not having the nationality of the State or not residing therein;
 3. Registering number or registering licence number if it is a legal person registered inside the State; or
 4. Nationality and registering number if it is a legal person registered outside the State; or
 - c. Nationality if it is a natural person not having the nationality of the State, or is a legal person not registered inside the State.
2. Pledgee's data shall be identified as follows:
 - a. Name; and
 - b. Address including the email address.

Article (11) Description of the Pledge and Secured Liabilities

1. Description of the Pledge shall be deemed sufficient if the Pledge is reasonably identified through the following:
 - a. Kind, class, or quantity; or insertion of the Pledge into a specific list;
 - b. Presence of a phrase stating that the Pledge includes all the Pledgor's assets, whether

- current or future;
- c. Presence of phrase stating that it includes a specific type or class of securities, whether it is current or future, such as "all equipment" or "all current or future accounts receivable".
2. The priority of security right extends to all the Pledges covered by the registration recorded in the register; whether it was included as liability of the Pledgor, or it has been or is existent before or after documenting the registration. Security contract shall include a general or specific description of the secured liability in a manner allowing reasonable identification thereof. Description of the secured right shall be deemed sufficient in any of the following cases:
 - a. If a maximum sum or limit is set for the secured liability in respect of which the security right may be enforced;
 - b. If it refers to all liabilities owed to the Pledgee at any time.
 3. If the secured liability is described as the whole liabilities owed to Pledgee at any time, the priority of security right shall extend to all secured liabilities including those arising after enforcement of security right against third parties. The registration documented under an order or judgment pursuant to provisions of Article (15) of the Law shall include a description of the Pledge and liabilities under said order or judgment.

Article (12) Registration Language

Registration shall be formulated on the Register website in Arabic or in English.

Article (13) Entry of Registration into Force

1. Registration for the first time or registration of amendment shall enter into force from the date and time of entry of registration information in the Database of the Register in a

- manner allowing the registration to appear in case of searching the register;
2. Registration for the first time or registration of amendment shall be deemed non-enforceable in case of presence of wrong entry of identification number in the Database of the Register and said error would result into inability to recover information included in the registration by searching the Database of the Register using the right identification number as a search parameter;
 3. Error leading to non-enforceability of registration against a certain Pledgor in accordance with provisions of Clause (2) of this Article shall not constitute a ground for non-enforceability thereof in respect of other Pledgors whose identification numbers are entered correctly in the registration.
 4. Except for the identification number error, errors in information entered in the first time registration or registration of amendments shall not constitute a ground for non-enforcement of registration unless the same results reasonably into misleading the searcher.

Amendments after Documentation

Article (14) Registration of Amendments

1. Pledgee may amend the registration by documenting the registration of amendments including the following:
 - a. Number of documenting the registration subject of amendment; and
 - b. Pledgees who agreed to the amendment.
2. Pledgor's approval of documenting the registration of amendment which adds Pledges or Pledgors shall be obtained.
3. Amendment shall be deemed enforceable against Pledgees who approved documenting the registration;
4. Registration of amendment adding new Pledge or new Pledgor shall enter into force

from the date on which it becomes possible for the amendment to appear upon searching the register;

5. Non-amendment of registration of any of the following shall not affect security right enforceability against third parties or priority thereof:
 - a. Transfer of security right; and
 - b. Giving security right a lower priority.

Article (15) Registration of Extension

1. Pledgee may amend registration for the purpose of extending validity period thereof by way of documenting an extension registration including the following:
 - a. Documentation number of the registration subject of extension;
 - b. Pledges who approved the extension; and
 - c. Date and time of expiry of the documentation.
2. Extension shall be enforceable against Pledges who approved the documentation of the registration.

Article (16) Registration of Voluntary Cancellation

1. Cancellation of documented registration shall be enforced only against Pledges who approved cancellation from the date and time of effecting the cancellation registration.
2. The registration shall remain documented on the Database of the Register available for searching processes unless Pledges approve cancellation thereof.

Article (17) Mandatory Registration

1. In the event that Pledgee does not document the cancellation registration pursuant to provisions of Article (16) of the Law, the person whose name is mentioned as a Pledgor

in a registration may send a written letter indicating its identity, first time registration, or the registration of amendment desired to be canceled. Pledgee may not make Pledgor bear any fees or expenses as a result of compliance with Pledgor's request for cancellation.

2. In case of repayment of secured liabilities under provisions of Article (16) of the Law, the person whose name is mentioned as a Pledgor in a registration may not request the documentation of the amendment registration or the cancellation if the Pledgee is committed to pay any consideration to the Pledgor or the debtor.
3. In the event that Pledgee fails to comply with the application submitted under provisions of Clause (1) of this Article within (7) seven working days from the date of receipt thereof, the affected person may request the court to make a decision to register the amendment or the cancellation.
4. If a court order is made to document an amendment or cancellation of registration in accordance with provisions of Clause (3) of this Article, the Register shall document the registration promptly upon receipt of the application accompanied by a copy of the relevant order.

Enforcement of the Security Right against Third Party

Article (18) Control

1. The security right established on credit accounts only may be enforced against third parties by way of control;
2. The security right established on credit accounts shall be enforceable against third parties in either of the following two cases:
 - a. If established in favor of the financial institution holding the credit accounts; and/ or
 - b. If the Pledgor, Pledgee and the financial institution holding the credit account conclude a control agreement.

Priorities

Article (19) Priority of Rights Established Under Court Rulings

1. Priority of right established on the Pledge over tangible movables in accordance with an order or judgement issued to impose the precautionary or executive attachment on Pledge shall be specified from the date and time of registration of the order or judgement on the register pursuant to Clause (2) of Article (15) of the Law, or from the date and time of possession of the Pledge by seizure thereof, or on the date and time of defendant's debtor's or prevailing party's receipt of the attachment notice, whichever is earlier.
2. Security right for financing purchase which has been registered on the register pursuant to provisions of Article (19) of the Law shall have priority over the right arising as a result of an order or judgment despite that the right arising from the order or judgment becomes enforceable against third parties.

Article (20) Notice of Purchase Financing Served by Pledgee Holder of Security Right

Notice of purchase financing served by Pledgee holder of security right shall be deemed sufficient if served to Pledgee who has documented a registration of security right created in its favor over accounts receivable and addressed to its address mentioned in said registration.

Article (21) Priority in Respect of Credit Accounts

1. The security right established on a credit account in favor of the financial institution holding the account shall have priority over competing security rights enforceable against third parties.
2. The security right established on a credit account and enforceable against third parties

by virtue of a control agreement shall have priority over competing security rights, except for security right of the financial institution provided for in Clause (1) of this Article.

3. Priority of competing security rights over a credit account which became enforceable against third parties by virtue of conclusion of control agreements shall be determined based on date and time of conclusion of the same.
4. Receiver of amounts from the credit account under a bank transfer issued from the credit account under the Pledgor's order shall acquire its rights to said amounts free from the security right established on the credit account; unless receiver of the bank transfer is aware that the transfer involves an infringement of Pledgee's rights under the security contract.

Execution

Article (22) Notice of Execution

1. The Pledgee shall include the following in the Notice of Execution mentioned in Article (27) of the Law:
 - a. Notification of its intent to acquire the Pledge, and execute thereon;
 - b. Identification of the Pledgor and Pledge executed thereon;
 - c. Method of execution; and
 - d. Time and place of disposal of the Pledge.
2. The notice mentioned in Clause (1) of this Article shall be deemed sufficient even if it includes additional information or minor errors which would not lead to serious misleading of third parties.

Article (23) Report on the Procedures of Sale

The Pledgee who has executed on a Pledge under the provisions of Article (33) of the Law

shall deposit the proceeds of execution in the treasury of the Court within whose jurisdiction the sale was made within two working days, according to the form of report on procedures of sale appended to this Resolution.

Law Applicable to Security Rights on Intangible Funds

Article (24) Domicile of Pledgor

Law of the Domicile of Pledgor shall apply to the establishment of security right, its enforcement against third parties, the priority and execution of security right on the Pledge if it is an intangible movable; provided that domicile of Pledgor shall be determined as follows:

1. The State wherein the head office of its business is located;
2. The State wherein the administrative office is located in case that the Pledgor has offices in more than one country; or
3. The State where it usually resides if it does not have headquarters.

Article (25) Previous Security Rights

Rights which became enforceable against third parties through registration on the register pursuant to the provisions of Federal Law No. (20) of 2016 on Mortgaging of Movable Assets as Security for Debts shall remain enforceable against third parties until expiry of enforcement thereof against third parties under the Law.

Article (26) Charges

In exchange for the services provided by the entity in charge of the Register and specified in the schedule appended to this Resolution, the charges assigned to each of these services shall be collected by the means determined by the Ministry.

Article (27) Issuance of Resolutions

1. The entity responsible for managing the Register shall prepare all forms provided for in the Law, this Resolution, and the directives issued in implementation thereof; provided that the Minister shall issue a Resolution to this effect.
2. Forms and directives shall be published on the Register's website within (3) three working days from the date of issuance thereof by the Minister.

Article (28) Executive Resolutions

The Minister shall issue the resolutions necessary for implementing the provisions of this Resolution.

Article (29) Repeals

Any provision contradicting or in conflict with the provisions of this Resolution is hereby repealed.

Article (30) Publication and Entry of this Resolution into Force

This Resolution shall be published in the Official Gazette and shall enter into force from the day following the date of publication hereof.

Mohammed Bin Rashid Al Maktoum

Prime Minister

Issued by Us on: 7 Sha'ban 1442 AH.

Corresponding to: 21 March 2021 AD.

Appended to Cabinet Resolution No. (29) of 2021 Sale Procedures Report

Form

Name of the Pledgor		Name of the Pledged person	
Name of the Pledgee		Date of security contract	
Name of the court rendering the possession order		Date of possession order	
Name and address of Pledge acquirer if a decision is made to place the Pledge under control of a third party		Name and address of the person for whom an order to place the Pledge under his control is issued if the Pledge is acquired by a third party	
Names of other persons having registered rights on the Pledge		Owner of the moveable to which the Pledge is attached and acquirer of said moveable	

Owner of the property wherein the Pledge is located and acquirer thereof if the Pledge is a fixture		Mortgagee of the property wherein the Pledge is located and name of acquirer if the Pledge is a fixture	
Date of the decision to use compulsory power if a decision is made to use compulsory power		Summary of the sale court order	
Minimum price set by the court		Maximum price set by the court	
Date of registration of the sale order		Method of sale	
Details of announcement of sale		Date and time of sale	
Method adopted		Price of the sale	

for determination of the fair sale price			
Name and address of the purchaser		Relationship between the purchaser and Pledgee	
Number of payment receipts whereunder sale price was deposited		Date of permitting sale of the Pledge exposed to destruction, damage or depreciation	

Appended to Cabinet Resolution No. (29) of 2021 Schedule of Charges for the Register's Services

Sr.	Service Description	Charges in AED
1	Registration of rights established before enactment of the Law	AED (50) per registration
2	Registration of a right	AED (100) per registration

3	Amendment of registration	AED (100) per registration
4	Extension of registration	AED (100) per registration
5	Registration of attachment	AED (200) per registration
6	Registration of amendment of attachment	AED (200) per registration
7	Registration of revocation of attachment	AED (200) per registration
8	Issuance of certified paper or electronic report	AED (200) per registration