

## **Federal Law No. (8) of 2004 on Financial Free Zones**

**We, Zayed Bin Sultan Al-Nahyan,**

**UAE President,**

- After reviewing the Constitution,
- And Federal Law No. (1) of 1972 Concerning the Jurisdiction of Ministries and the Authority of Ministers, as amended;
- And Federal Law No. (10) of 1980 Concerning the Central Bank, the Monetary System and Organization of the Banking Profession, as amended;
- And Federal Law No. (8) of 1984 Concerning Commercial Companies, as amended;
- And Federal Law No. (9) of 1984 Concerning Insurance Companies and Agents, as amended;
- And the Penal Code promulgated pursuant to Federal Law No. (3) of 1987
- And the Criminal Procedure Code promulgated pursuant to Federal Law No. (35) of 1992;
- And Federal Law No. (4) of 2000 Concerning the Emirates Securities and Commodities Authority and Market;
- And Federal Law No. (4) of 2002 Concerning the Criminalization of Money Laundering;
- And based on the report of the Minister of Economy and Commerce and the Minister of Finance and Industry, the approval of the Cabinet and the Federal National Council, and ratification by the Supreme Council;

**Hereby promulgate the following law:**

### **Article (1)**

#### **Definitions**

- The State** : The State of the United Arab Emirates.
- Financial Free Zone** : A free zone, that is established in any Emirate of the State, in which Financial Activities are carried out.
- Financial Activities** : Banking, financial, insurance, financial markets activities and services and the Ancillary Activities thereto that are licensed to

be performed in a Financial Free Zone.

**Ancillary Activities** : Financial and currency brokerage services, consultancy and the provision of services and the supply of goods to Companies and Establishments and individuals inside the Financial Free Zones.

**Financial Banking Activity** : Financial banking operations and banking operations.

**Companies and Establishments** : Companies, branches of companies and establishments that are established or licensed to operate in the Financial Free Zones.

### **Article (2)**

A Financial Free Zone shall be established pursuant to a Federal decree. It shall have a juristic personality and the chairman of its board of directors shall be its lawful representative.

It shall be solely responsible for the obligations arising from the conduct of its activity.

The Cabinet shall define its location and area.

### **Article (3)**

1. Financial Free Zones, and all the activities therein, are subject to the provisions of the Federal Law No. (4) of 2002 Concerning the Criminalization of Money Laundering.
2. Further, these zones and Financial Activities are subject to all provisions of Federal law with the exception of the Federal civil and commercial laws.

### **Article (4)**

Financial Free Zones comply with the following:

1. With regard to Financial Banking Activities:
  - a. Licensing shall be limited to branches of Companies and Establishment, joint ventures and companies wholly owned by any of the foregoing, provided that they have a strong financial position and a complete organizational and management structure and are managed by persons having expertise and knowledge in this type of activity.
  - b. Companies and Establishments licensed in the Financial Free Zones shall not engage in taking deposits from the national market and shall not enter into transactions in the U.A.E. Dirham.

- c. The licensing standards for companies and branches of Companies and Establishments shall not be lower than those applied in the State.
2. No financial brokers licensed on an exchange in the State may transact business in a financial free market without the approval of the Emirates Securities and Commodities Authority and Market.
3. No companies already listed on any of the exchanges in the State shall be listed without the approval of the Emirates Securities and Commodities Authority and Market.
4. The performance of insurance activity in the State shall be limited to re-insurance.
5. That the actual existence of the Companies and Establishments licensed to operate by the free zones shall be restricted to the boundaries of those zones; however, it is permissible to license them to operate outside the State.

#### **Article (5)**

Financial Free Zones must not perform any activity that results in the breach of an international treaty to which the State has adhered or will adhere.

#### **Article (6)**

The Financial Free Zones may enter into memorandums of understanding and cooperation with similar parties and entities on condition that these memorandums do not conflict with treaties to which the State is a party.

#### **Article (7)**

1. Financial Free Zones must publish semi-annual reports on their activities and their compliance with the provisions of this Law.
2. The competent authorities in the Federal government have the right to carry out inspections of Financial Free Zones to verify adherence to the provisions of this Law and shall present the result thereof to the Cabinet to take appropriate action.
3. Subject to the provisions of Article (3) - for the purpose of establishing a Financial Free Zone - the relevant Emirate may issue regulations necessary for it to perform its activity.

### **Article (8)**

Financial Free Zones, pursuant to a resolution issued by the Cabinet and for a period not exceeding four years from the date of their establishment, may license Companies and Establishments to perform their operations outside the managerial and geographical boundaries of those zones in the State.

### **Article (9)**

The Cabinet shall issue the implementing regulations for the provisions of this Law.

### **Article (10)**

This Law shall be published in the Official Gazette and shall be effective from the date of its publication.

**Zayed Bin Sultan Al-Nahyan**  
**UAE President**

**Promulgated by us at the Presidential Palace in Abu Dhabi:**

**Date: 22 Muharam 1425 H**

**Corresponding to: 14 March 2004 AD**