

**Federal Decree by Law No. (41) of 2023
on Regulating the Auditing and Accounting Professions**

We, Mohammed bin Zayed Al Nahyan, President of the United Arab Emirates;

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 Concerning the Jurisdictions of Ministries and Powers of Ministers, as amended;
- Federal Law No. (12) of 2014 Regulating the Auditors Profession, as amended;
- Based on the proposal submitted by the Minister of Economy; and approval of the Cabinet,

Have promulgated the following Decree-Law:

Chapter One

General Provisions

Article (1)

Definitions

In applying the provisions of this Decree-Law, the following words and expressions shall have the meanings assigned to each of them, unless the context stipulates otherwise:

State	: United Arab Emirates.
Ministry	: Ministry of Economy.
Minister	: Minister of Economy.
Authority	: Securities and Commodities Authority.
Competent Authority	: The concerned local authority in each Emirate.
Profession	: Auditing and Accounting Professions.
Chartered Accountant	: The natural person duly licensed pursuant to the provisions of this Decree-Law to practice the profession and provide the professional services stipulated in Article (4) of this Decree-Law.
Licensing Office	: An establishment duly licensed to practice the profession in

- accordance with the provisions stipulated herein.
- Final License** : A certificate granted by the Ministry to a natural or legal person meeting the licensing conditions stipulated in this Decree-Law or its executive regulations, licensing them to practice the profession within the State.
- Economic License** : A license granted by the competent authority for economic licensing, authorizing the accounting firm to engage in the licensed activity within the Emirate.
- Profession Standards** : Professional standards adopted by the Ministry for practicing the profession.
- Other Confirmation Services** : Services a chartered accountant or accounting firm is licensed to perform concerning financial statements, aiming to provide guarantees to external parties regarding financial information or to verify compliance with accounting standards, financial rules, and internal controls of economic establishments. These services include, but not limited to, internal audit services and advisory reports related to financial monitoring, reliability of electronic information systems, financial risk assessment, and other services falling within the ambit of professional standards approved by the Ministry.
- Professional Compliance Committee** : The committee formed pursuant to Article (22) of this Decree-Law.

Article (2)

Decree-Law Objectives

This Decree-Law aims to:

1. Regulate the accounting and auditing profession and practise thereof within the State;
2. Enhance the efficiency of services and tasks associated with the profession, fostering increased confidence among the business community and investors investing therein; and

3. Govern the accountability mechanisms for professionals in the event they are substantiated to have engaged in or contributed to practices harmful to the business community.

Article (3)

Scope of Application

1. The provisions of this Decree-Law shall apply to the following:
 - a. Chartered accountants and accounting firms practising the profession within the State; and
 - b. Chartered accountants and accounting firms in free zones who wish to practice the profession outside the free zones within the State.
2. The provisions set forth in this Decree-Law shall not apply to government audit tasks conducted by government oversight and accounting bodies, including their employees, when exercising powers thereof over government agencies, companies, and institutions subject to the oversight of those bodies in accordance with their respective establishment laws.

Article (4)

Scope of Profession

The scope of the profession includes auditing and reviewing financial statements, as well as other confirmation services and services related to the associated financial statements, all of which adhere to the standards endorsed by the Ministry.

Article (5)

Competences of the Ministry

For the purposes of implementing the provisions of this Decree-Law, the Ministry shall undertake the following competences:

1. Regulate the profession and granting professional licence to professionals thereof;
2. Establish and approve standards for the profession, review them, and work to develop

- them, approve associate degree programmes related to the profession, and ensure the integrity and efficiency of professional tests related to these certificates;
3. Identify the entities whose programmes are accredited by the Ministry, along with the certificates related to the profession issued thereby;
 4. Monitor and inspect professionals and accounting firms and prepare reports on them in accordance with the stipulations of the executive regulations of this Decree-Law;
 5. Refer the violations attributed to professionals and contained in the oversight and inspection reports prepared by the Ministry, along with the complaints, reports, and judicial rulings received, to the Ministry Professional Compliance Committee for review and determination of suitable decisions;
 6. Educate professionals and accounting firm about the key bulletins, periodicals, and studies pertinent to the profession;
 7. Develop the profession work mechanisms in coordination with the relevant authorities in the State;
 8. Participate in local and international events and conferences related to the profession; and
 9. Any other competences assigned to the Ministry in accordance with laws, regulations and Cabinet resolutions.

Chapter Two

Profession Practice and Licensing

Article (6)

Profession Practice

1. No natural or legal person may practice the profession, or provide any of work or services pertained thereto, within the State, unless they have obtained the licences stipulated in the Decree-Law in subject and the Executive Regulation thereof;
2. The chartered accountant shall practice the profession within the State according to the following stipulations:
 - a. Separately through their own firm; or
 - b. Working for an accounting firm or branch of a foreign accounting firm, licensed in

the State.

3. The accounting firm shall practice the profession within the State according to one of the following legal forms:

A professional company consisting of two or more chartered accountants;

- a. A professional company owned by one or more chartered accountants and in partnership of an international accounting firm;
- b. Branch of a foreign accounting firm; or
- c. Any other form determined by the Executive Regulation of this Decree-Law.

4. The executive regulations of this Decree-Law shall determine the provisions regulating and conditions for licensing each of the forms referred to in this article; and

5. The accounting firm shall have its own name that includes evidence of the activity thereof, which shall not conflict with the controls on economic names determined by the legislation in force in the State.

Article (7)

Profession Practice Pledge

After obtaining the professional license from the Ministry and before commencing the work, the chartered accountant is required to submit a written pledge to the Ministry, asserting that the accountant shall "perform the work with utmost honesty and integrity, uphold the laws of the state, preserve the integrity of the profession, and adhere to its established traditions and ethics. Furthermore, the chartered accountant the chartered accountant shall comply with the approved standards and regulations of the profession within the State. They shall not disclose the clients confidential information or any data entrusted thereto in the course of their work, except as mandated by applicable laws and regulations, in accordance with the procedures determined by the Ministry."

Article (8)

Professional Licence

1. Any individual aspiring to practice the profession within the State shall submit an application to the Ministry for the acquisition of a professional licence, following the

mechanisms endorsed by the Ministry. The executive regulations of this Decree-Law shall specify the various types of professional licences, along with conditions, prerequisites, and duration thereof, as well as provisions pertaining to their issuance and renewal

2. The title "Chartered Accountant" may not be used except after obtaining a professional licence from the Ministry.

Article (9)

Amending Professional Licence Data

The chartered accountant or accounting firm shall notify the Ministry and the competent authority – as the case may be – of every amendment or change that occurs to the professional licence data, within (30) thirty days from the date of the amendment or change. The executive regulations of this Decree-Law shall specify the conditions and manner of notification, including the necessary accompanying documents to be submitted along with it.

Article (10)

Temporary Suspension of Professional Licence

1. A chartered accountant or accounting firm encountering circumstances that impede the practice of the profession shall promptly submit a request to temporarily suspend the issued professional licence to the Ministry. This request shall be made within thirty (30) days from the identification of the impediment.

2. Upon resolution of the impediment, the chartered accountant may submit a request to the Ministry to lift the temporary suspension of their professional licence.

3. The executive regulations of this Decree-Law specify the conditions, procedures, and periods related to the temporary suspension of professional licensing and the mechanisms for lifting it.

Article (11)

Revocation of Professional Licence

1. Professional licence shall be revoked in the following cases:
 - a. Death of the chartered accountant;
 - b. Failure to renew the licence within the period specified in the Executive Regulations of this Decree-Law;
 - c. Loss of any of the licensing requirements specified in the Executive Regulations of this Decree-Law;
 - d. Upon the chartered accountant request;
 - e. Based on a request submitted by the firm owners collectively or through legal representative thereof;
 - f. By a court order or by decision of the Professional Compliance Committee;
 - g. Issuance of a final judicial ruling declaring the bankruptcy of the accounting firm; or
 - h. Any other cases determined by the Executive Regulation of this Decree-Law.
2. The Executive Regulations of this Decree-Law shall specify the procedures for the revocation of the professional licence and the obligations to be fulfilled by the chartered accountant or accounting firm in the event of the licence revocation; and
3. The Ministry shall, at the expense of the accounting firm, publish an announcement of the revocation of the professional licence issued to the firm, through publication means approved thereby.

Article (12)

Restoration of the licence after revocation

1. A person whose professional licence has been revoked may, after a period of at least one year from the date of revocation, apply to the Ministry for a new professional licence in accordance with the provisions of this Decree-Law and executive regulations thereof.
2. A person, whose professional licence has been revoked by a decision of the Professional Compliance Committee, may apply to the Ministry after a period of (5) five years from the date of the revocation decision to obtain a new professional licence. The Minister or representative thereof may approve or reject the request based on the reasons for the

previous revocation decision.

3. An individual whose professional licence has been revoked by a court order may not seek licence restoration.

Article (13)

Merger and Acquisition

Subject to the laws in force in the State, any accounting firm may merge with another accounting firm, or acquire another, after obtaining the prior approval of the Ministry, in accordance with the terms and procedures specified in the Executive Regulations of this Decree-Law.

Article (14)

Economic licence for Accounting Firms

An accounting firm shall obtain an economic licence before practising activity thereof. The authority competent for economic licences in each emirate shall verify the Ministry approval before issuing, amending, or revoking the economic licence for an accounting firm or branches thereof.

Article (15)

The Authority accreditation of Accounting Firms

1. An accounting firm may not provide auditing and review services for public joint-stock companies and public investment funds, unless it has obtained accreditation from the Authority.

2. Subject to the provisions of clause (1) of this Article and any other conditions set forth in the laws applicable in the State, the accounting firm, assigned by banks, insurance companies, investment companies for the account of others, and public joint-stock companies in order to audit and review financial statements thereof, shall hold a license for a minimum period of (5) five years.

3. The Authority Board of Directors shall approve any regulations, conditions, or fees for the

accreditation of accounting firms.

4. The Authority shall notify the Ministry of the names of the accounting firms accredited thereby and of any criminal penalties issued against them or disciplinary penalties imposed thereon by the Authority.

Chapter Three
Professional Obligations and Prohibitions
Article (16)
Professional Obligations

1. Without prejudice to the obligations set forth in the laws applicable, a chartered accountant shall, in the course of professional practice, adhere by the following:

- a. Exercise the necessary professional care during the performance of work thereof and ensure the accuracy and validity of the data contained in the results of work thereof;
- b. Prepare the required reports by themselves or by the employees under supervision thereof;
- c. Practise the profession or any of works thereof through an accounting firm or a branch thereof holding a professional licence and economic licence according to the provisions of this Decree-Law;
- d. Comply with the provisions of this Decree-Law, Executive Regulations thereof, the resolutions issued in their implementation, and any other legislation related to the profession; and
- e. Any other obligations set out in the Executive Regulations of this Decree-Law.

2. The accounting firm shall commit to the following:

- a. Implementing an internal control system that includes the following:
 1. Systems and procedures for compliance with the approved Code of Ethics and Professional Conduct;
 2. Work methodologies and techniques for providing professional services that ensure compliance with the approved professional standards;
 3. A quality control system for professional performance compatible with the approved quality control standards of the Ministry;

4. Continuous professional development for employees thereof;
 5. Protection and confidentiality of client data and information;
 6. Availability of a governance structure or system;
 7. Systems and procedures for compliance with anti-money laundering laws in the State;
 8. Use of the signature approved by the Ministry for the chartered accountant on the reports issued thereby and link name and professional licence number thereof with the name and professional licence number of the firm; and
 9. Ensure the safety and health of the professional services provided thereby.
- b. Provide professional liability insurance for the accounting firm and chartered accountants thereof, and the accounting firm shall bear the full cost of the insurance premiums;
 - c. Provide the Ministry – whenever requested – with the reports it issued, as well as the documents, records, and supporting working papers, in the manner specified by the Ministry;
 - d. Provide the Ministry – whenever requested – with the necessary data about activities thereof; and
 - e. Inform the Ministry and the competent authorities, as the case may be, about any fraud, money laundering, or suspicion of either revealed thereto during the performance of professional services thereof.

Article (17)

Professionals Prohibitions

Without prejudice to the provisions of the applicable laws, the professionals are expressly prohibited from undertaking the following:

1. Practise the profession before obtaining a professional licence from the Ministry, during the temporary suspension of their professional licence, or during suspension thereof by a judicial ruling or by a decision of the committee;
2. Engage in trade in a manner that conflicts with the Code of Professional Conduct;
3. Practise the profession or advertise it in a manner that conflicts with the code of

professional conduct and duties, or the laws and regulations applicable in the State. Additionally, the professional may not engage in any work that is not in accordance with the dignity and traditions of the profession;

4. Contract for any activities that conflicts with the independence of the chartered accountant in activities that requires independence;

5. Buy securities for a client receiving their services, sell such securities either directly or indirectly, or offer advice to any party concerning said securities;

6. Participate in the association or management of an establishment for which the professional has previously provided services or has worked in a permanent or temporary capacity within the last (2) years from the date of the association or its beginning, whichever comes first;

7. Be a partner or agent of one of the founders, partners, or managers of the establishment with which the professional contracts;

8. Assume the roles of creditor or debtor in relation to the said client, except in instances related to the remuneration for the professional services rendered;

9. Have any transaction or interest with the client or any party related to the client to whom professional services are being provided. This shall include, but not limited to, the chairman and members of the board of directors, members of the senior executive management of public and private joint-stock companies, companies in which any of these contribute at least (30%) of capital thereof, as well as subsidiaries, sister companies, or allies thereof;

10. Use the status of a chartered accountant when performing professional work that is not related to the scope of the profession stipulated in this Decree-Law; and

11. Any other prohibitions specified by the Executive Regulations of this Decree-Law.

Article (18)

Confidentiality of Information

The accounting firm and the chartered accountant may not disclose the secrets of the establishment of which the chartered accountant become aware as a result of professional practice thereof, except in the following cases:

1. Based on the request or consent of the establishment;

2. Pursuant to an order from a judicial authority or an official investigative authority;
3. Upon a request from the Ministry;
4. If the purpose is to prevent the occurrence of a crime or to report it, in such case, the disclosure shall be only to the official competent authority;
5. If the purpose is to defend itself before an investigative authority or any judicial authority and according to the needs of the defence.

Article (19)

Maintenance of data, documents, and records

1. Accounting firms shall maintain data, documents, and records related to contracted activities that they have collected, created, processed, and stored, for a period of not less than (10) ten years from the date of issuing the report to the client. If these data, documents, and records are related to cases pending before judicial authorities, the aforementioned period shall be calculated from the date of the final ruling.
2. Partners shall be responsible for the maintenance referred to in paragraph (1) of this Article in the event of the revocation or suspension of the professional licence of the accounting firm.
3. The Executive Regulations of this Decree-Law shall specify the controls and procedures necessary for the maintenance of the records, files, and data referred to.

Chapter Four

Accountability and discipline of professionals

Article (20)

Disciplinary Penalties

1. Without prejudice to criminal liability, every accounting firm or certified public accountant who violates the duties of practising the profession, its standards, or the rules of conduct and ethics; or violates any obligations; or commits any of the prohibitions stipulated in this Decree-Law, its executive regulations, or the decisions issued in implementation thereof; or acts in a manner that degrades the profession, they shall be disciplinary held

accountable and one of the following disciplinary penalties shall be imposed on them:

- a. Written warning;
- b. An administrative fine of not less than (AED 10,000) ten thousand UAE Dirhams and not exceeding (AED 1,000,000) one million UAE Dirhams;
- c. Suspending the professional licence for a period of not less than one month and not exceeding three (3) years; or
- d. Professional licence revocation.

2. The disciplinary penalties stipulated in Clause (1) of this Article may be combined.

Article (21)

Procedures for holding professionals accountable

1. The Ministry shall refer violations of the provisions of this Decree-Law and its Executive Regulations, attributed to professionals as a result of the monitoring and inspection work it carries out, or the reports, complaints, and judicial rulings it receives, to the Professional Compliance Committee for consideration and to decide what it deems appropriate regarding them.

2. The Ministry, based on a recommendation of the Professional Compliance Committee, shall inform the competent public prosecutor about the violations committed by the accounting firm or chartered accountant that entails a penal crime.

3. Subject to Clause (2) hereof, disciplinary measures may not be taken against an accounting firm or a chartered accountant, if the decision on the alleged violation contingent on the issuance of a final judicial ruling on it.

4. The voluntary retirement of a chartered accountant shall not preclude the disciplinary measures against them for acts committed during the practice of the profession within the five (5) years following their retirement.

5. The Authority shall be responsible for investigating the accounting firms certified thereby if proven to be in violation of the provisions hereof while providing services to any companies or funds subject to the supervision of the Authority. The Authority Board of Directors shall be authorised to approve the imposition of disciplinary penalties stipulated herein on those firms and to establish a mechanism for appealing against such penalties.

Article (22)

Professional Compliance Committee

1. A committee named the "Professional Compliance Committee" shall be established, by ministerial decree, and comprise experts and professionals with expertise in the industry and professional compliance. The formation decree shall specify the committee operational framework.
2. The committee shall:
 - a. Examine actions that violate the provisions of this Decree-Law and its executive regulations, committed by chartered accountants and accounting firms referred thereto by the ministry;
 - b. Impose the disciplinary penalties stipulated herein on those found to be in violation thereof;
 - c. Recommend for the Ministry to notify the competent public prosecution if the violations committed by an accounting firm or chartered accountant found involving a criminal offence;
 - d. Express opinions on the violations of accredited accounting firms that the Authority wishes to seek the Committee feedback on before referring them to the public prosecution, in accordance with its legally established jurisdiction;
 - e. Any other authorities vested in it by a decision of the Cabinet.

Article (23)

Grievance against disciplinary penalties

1. A person who have been subjected to a disciplinary penalty in accordance with the provisions hereof may submit a written reasoned grievance to the Ministry within (10) ten working days from the date of notification of the contested disciplinary penalty.
2. A committee shall be established, by a ministerial decree, to review grievances against disciplinary penalties, presided by a specialised judge selected by the Minister of Justice. The committee shall comprise four (4) experienced and specialised members chosen by the Minister. The decree shall specify the committee the operational procedures and the grievance process before it.

3. Decisions of the grievance committee may be appealed before the competent court of appeal within (20) twenty working days from the date of notification of the decision.

Article (24)

Reporting Crimes in violation of the Provisions Hereof

Every natural or legal person upon becoming aware of the occurrence of a crime in violation of the provisions hereof shall inform the Ministry or the Public Prosecution of that same, as the case may be, in accordance with the mechanisms specified by the executive regulations hereof.

Article (25)

Civil Liability

A person suffering harm as a result of the work and services of a chartered accountant or accounting firm shall be entitled to claim civil compensation for any damages sustained in accordance with the rules and procedures in force under the legislation in force in the State.

Article (26)

Capacity of Judicial Control Officers

The employees of the Ministry or Authority, designated by a decision of the Minister of Justice in agreement with the Minister or the Chairman of the Authority, shall have the capacity of judicial officers to prove violations of the provisions hereof, its Executive Regulations, and the decisions issued in implementation thereof.

Chapter Five

Penalties

Article (27)

Without prejudice to any more severe penalty stipulated by other applicable laws, individuals found to have committed the following actions shall be subject to a punishment involving imprisonment for a period not less than three (3) months, along with a fine

ranging from one hundred thousand UAE Dirhams (AED 100,000) to two million UAE Dirhams (AED 2,000,000), or imposition of either of these penalties:

1. Providing incorrect data or forged certificates for the purpose of obtaining a professional licence;
2. Practising the profession without having a professional licence in accordance with the provisions hereof;
3. Practising the profession during a period of suspension from practising the profession; or
4. Authenticating with his signature a report that was not prepared thereby or by those working under supervision thereof.

Upon conviction, the court may order the revocation of the professional licence or the closure of the accounting firm.

Article (28)

Without prejudice to any more severe penalty stipulated by other applicable laws, individuals found to have committed the following actions shall be subject to a punishment involving imprisonment for a period of not less than one year and a fine of not less than (AED 300,000) three hundred thousand UAE Dirhams and not exceeding (AED 5,000,000) five million UAE Dirhams, or by one of these two penalties:

1. Knowingly authenticating a report that contradicts the truth while engaging in the profession by signing;
2. Disclosing the secrets of the establishment acquired thereby while practising the profession or because of it; or
3. Facilitating the commission of any financial crimes involving public funds, seizing the money of persons, covering up the perpetrator, or not reporting the same to the competent authorities.

Upon conviction, the court may order the revocation of the professional licence or the closure of the accounting firm.

Article (29)

Publishing the results, committee decisions, and judicial rulings

Subject to the applicable laws and regulations, the Ministry shall be entitled to publish, in any of the means of publication decided thereby, the results of its work relating to monitoring and inspection, the decisions of the committees stipulated herein, as well as the final judicial rulings issued against professionals.

Article (30)

Lawsuits against professionals

The judicial authorities in the State shall notify the Ministry of the civil and criminal judgments issued against persons practising the profession as a result of their professional activities.

Chapter Six

Final Provisions

Article (31)

Profession Development Committee

The Cabinet, based on a proposal of the Minister, may form a committee to develop the profession. The formation decision shall determine members, powers, and work system thereof.

Article (32)

Grievance against a licensing rejection

1. In the event of rejection of a professional licence application or upon the lapse of twenty (20) working days without a response from the Ministry from the date of submission, an individual shall have the right to file a written grievance to the Minister or their authorised representative within (10) ten working days following the notification of the rejection decision or the expiration of the stipulated period.

2. In the event of a rejection or non-decision of the grievance within (10) ten working days

from its submission, the aggrieved party may, within (30) thirty days from the date of being notified of the rejection or the expiration of the stipulated period for decision, appeal to the competent court.

3. An appeal case regarding the decision shall not be accepted before the competent court except following the completion of grievance procedures stipulated in this article.

Article (33)

Profession Standards

The standards of the profession, including the rules of conduct and ethics of the profession, shall be determined by a decision of the Minister within (6) six months from the effective date hereof.

Article (34)

Emiratisation

The Cabinet, based on a proposal of the Minister and upon coordination with the competent authorities, may determine the percentages of Emiratisation in the accounting firms.

Article (35)

Complaints pending before the Disciplinary Board

Cases pending before the Auditor Disciplinary Board established pursuant to Federal Law No. (12) of 2014, in which a decision has not been issued by the said Board before the effective date hereof, shall be referred to the Professional Compliance Committee for consideration and decide as it deems appropriate.

Article (36)

Reconciliation

Persons registered with the Ministry in accordance with the provisions of Federal Law No. (12) of 2014 on the Regulation of the Auditing Profession shall reconcile their status in accordance with the provisions hereof within a period not exceeding one year as of the date

of its publication, and the Cabinet may extend the aforementioned period for the periods it determines.

Article (37)

Fees

The prescribed fees for implementing the provisions hereof shall be determined by a Cabinet resolution based on the Minister recommendation and the Minister of Finance presentation.

Article (38)

Regulations implementing the Decree-Law

1. The Cabinet shall issue, based on the Minister proposal, the executive regulations hereof and the necessary decisions to implement the provisions hereof.
2. The Cabinet, based on a proposal of the Minister, may issue a list with administrative penalties for actions that violate the provisions hereof and the executive regulations thereof.

Article (39)

Repeals

1. The aforementioned Federal Law No. (12) of 2014 shall be repealed, as well as any provision that violates or contradicts the provisions of this Decree-Law.
2. The regulations and decisions issued in implementation of the provisions of Federal Law No. (12) of 2014 regarding regulating the profession of auditors shall continue to be implemented until the necessary regulations and decisions are issued to implement the provisions of this Decree-Law in a manner that shall not conflict with its provisions.

Article (40)

Publication and Entry Into Force of Decree-Law

This Decree-Law shall be published in the Official Gazette and shall come into force after (6) six months from the date of its publication.

Mohammed Bin Zayed Al Nahyan
President of the United Arab Emirates

Issued by Us at the Palace of the Presidency in Abu Dhabi:

On: 13 Rabi' I 1445 H

Corresponding to: September 28, 2023