Cabinet Resolution No. (78) of 2022 Issuing the List of Administrative Penalties for the Acts Committed in Violation of the Provision of Federal Law No. (32) of 2021 Concerning Commercial Companies

The Cabinet:

- Having reviewed the Constitution; and
- Federal Law No. (1) of 1972 concerning the Competencies of Ministries and the Powers of Ministers, as amended; and
- Federal Law No. (14) of 2016 concerning Administrative Violations and Penalties in the
 Federal Government; and
- Federal Law by Decree No. (26) of 2019 concerning Public Finance; and
- Federal Law by Decree No. (32) of 2021 concerning Commercial Companies; and
- Pursuant to the Proposal of the Minister of Finance, and the approval of the Cabinet,

Has decided:

Article (1)

Definitions

In the application of the provisions of this Resolution, the following words and expressions shall have the meanings assigned to each of them, unless the context otherwise requires:

State : United Arab Emirates

Ministry : Ministry of Economy

Minister : Minister of Economy

SCA : Securities and Commodities Authority (SCA)

Competent Authority Local Concerned Authority with Corporate Affairs in

the Concerned Emirate

Law by Decree Federal Law by Decree No. (32) of 2021 concerning

Commercial Companies

Working day The Official Working Day in the Ministries,

: Government Agencies, and the Concerned Competent

Authority

Article (2)

Application

- 1. The provisions of this Resolution shall apply to commercial companies established in the State, foreign companies, branches of foreign companies, and Representative Offices subject to the provisions of the Law by Decree, and the Resolutions and regulations issued in implementation thereof. In addition, the provisions of this Resolution shall foreign companies that are established in the State as a center for the exercise of any activity therein, or foreign companies that establish a branch or Representative Office therein; and
- 2. The provisions of this Resolution shall not apply to companies exempted from the provisions of the Law by Decree, the professional, civil, and foreign companies, and companies based in free zones.

Article (3)

Administrative Penalty

- 1. Without prejudice to any more severe penalty or procedure stipulated by the Law by Decree, the Ministry, the SCA or Competent Authority each in accordance with their competence may impose any of the following administrative penalty on whoever commits any of the acts that are in violation of the provisions of the Law by Decree contained in the Table attached to this resolution in accordance with the following grading:
 - a. In the case of first time violation, a written notice shall be given to the Violator and shall be given a grace period of no more than (30) thirty days to be calculated from the date of sending the notice to correct the violation;
 - b. In the case of second time violation, an administrative fine shall be imposed in accordance with the Table attached to this resolution;
 - c. In the case of third time violation, the administrative fine shall be doubled in accordance with the Table attached to this resolution.
 - d. In the case of fourth time violation, the administrative fine shall be tripled in accordance with the Table attached to this resolution, and a temporary

- administrative closure for a period not exceed (6) six months, renewable for one time only; and
- e. The license and approval issued to the Violator or those responsible for the Violator shall be cancelled and the Violator shall bear the costs and costs of removing and correcting the damages resulting from the violation in case it is not removed or corrected.
- 2. Subject to Clause (1) of this Article, the Ministry, the SCA or the Competent Authority each in accordance with their competence may impose the most severe administrative penalty. They may not follow the grading referred to in Clause (1) of this Article In the case of grave violation. They shall assess the appropriate administrative penalty in accordance with and the type of the violation;
- 3. The value of the administrative fines mentioned in the Table attached to this Resolution shall be collected in accordance with the mechanism determined by the Ministry of Finance after coordination with the Minister, the SCA Chairman, or the Chairman of the Competent Authority;
- 4. The Ministry, the SCA, or the Competent Authority, each in accordance with their competence, may double the administrative fines for acts that violate the provisions of the Law by Decree set out in the Table attached to this resolution in the case of recidivism or repetition of the violation; and
- 5. For the purposes of collecting the value of the administrative fine mentioned in the Table attached to this resolution, the part of the day shall be deemed a full day and the part of the month shall be deemed a full month.

Article (4)

Appeal Against Administrative Penalty

- 1. The Ministry, the SCA or the Competent Authority each in accordance with their competence shall notify the Violator Company of the Resolution to impose the administrative penalty within (15) fifteen days from the date of its issuance;
- 2. Each person with a capacity and interest may file appeal against the administrative penalty with the Minister, the SCA BOD Chairman, the Chairman of the Competent Authority or whomever he delegates. This shall be within (30) thirty days from the date

of his notification of the Resolution appealed against. The appeal shall be reasoned, and

all the supporting documents shall be attached thereto. The appeal shall be decided

upon within (30) thirty days from the date of its submission in accordance with the

procedures in force at the Ministry, the SCA or the Competent Authority;

3. The Resolution issued concerning the appeal shall be final. Failure to respond to the

appeal within (30) thirty days from the date of its submission shall be deemed as a

rejection of the appeal.

4. Appeal against the Resolution to impose administrative penalty may not be accepted if

the period mentioned in Clause (2) of this Article expires.

Article (5)

Fine Amendment

The Cabinet shall be responsible for any amendments to the number of fines mentioned in

the Table attached to this resolution, whether by addition, deletion, or modification.

Article (6)

Repealing

Any provision that contradicts or disputes the provisions of this Resolution shall be repealed.

Article (7)

Resolution Publication and Enforcement

This Resolution shall be published in the Official Gazette and shall come into force on the day

following the date of its publication.

Mohammed bin Rashed Al-Maktoum

Prime Minister

Issued by us:

Date: Muharram 18, 1444 H

Corresponding to: August 16, 2022

Table attached to Cabinet Resolution No. (78) of 2022

Issuing the List of Administrative Penalties for the Acts Committed in Violation of the Provision of Federal Law No. (32) of 2021 Concerning Commercial Companies

No.	Violation	Legal Reference	Partnership and Limited Partnership Administrative Pen-	Limited Liability Company Administrative	Private Joint Stock Company Administrative	Public Sharehold- ing Company Administrative
	- 4		alty	Penalty	Penalty	Penalty
1	Failure to com-	Article (12)	A company that fails	A company that fails	A company that fails	A company that fails
	ply with the		to comply with the	to comply with the	to comply with the	to comply with the
	Resolution to		Resolution to change	Resolution to change	Resolution to change	Resolution to change
	change the		the Company name	the Company name	the Company name	the Company name
	trade name		shall be punishable	shall be punishable	shall be punishable	shall be punishable
			by a fine of (AED 500)	by a fine of (AED	by a fine of (AED	by a fine of (AED
			five hundred dirhams	500) five hundred	1,000) one thousand	1,000) one thousand
			every month. Calcu-	dirhams every	dirhams every	dirhams every
			lation of this fine	month. Calculation	month. The calcula-	month. The calcula-
			shall commence after	of this fine shall com-	tion of this fine shall	tion of this fine shall
			the expiry of a period	mence after the ex-	commence after the	commence after the
			of (30) thirty working	piry of a period of	expiry of a period of	expiry of a period of
			days from the date of	(30) thirty working	(30) thirty working	(30) thirty working
			notification of the	days from the date of	days from the date of	days from the date of
			Resolution, and not	notification of the	notification of the	notification of the
			exceed (AED 5,000)	Resolution, and not	Resolution, and not	Resolution, and not
			five thousand dir-	exceed (AED 5,000)	exceed (AED 10,000)	exceed (AED 10,000)
			hams every year.	five thousand dir-	ten thousand dir-	ten thousand dir-
				hams every year.	hams every year.	hams every year.
2	The data and	Article (44),	A company that fails	A company that re-	A company that re-	A company that re-
	documents of	Article (100),	to comply with keep-	fuses to share with	fuses to share the	fuses to share the
	the Partnership	and Article	ing the following data	the Shareholder the	Shareholder the	Shareholder the
	and the refusal	(140)	and documents shall	minutes of the Gen-	minutes of the Gen-	minutes of the Gen-
	to inform the		be punishable by a	eral Assembly meet-	eral Assembly meet-	eral Assembly meet-
	Shareholders		fine of (AED 1,000)	ings, the Company	ings, the Company	ings, the Company
			one thousand dir-	books and docu-	books and docu-	books and docu-
			hams:	ments, or any papers	ments, or any docu-	ments, or any papers
			1. A record that in-	or documents re-	ments or documents	or documents re-
			cludes the	lated to a deal that	related to a deal that	lated to a deal that
			names and ad-	the Company con-	the Company con-	the Company con-
			dresses of the	cluded with one of	cluded with a related	cluded with one of
			Shareholders;	the related parties,	party or the Com-	the related parties, or
			and	shall be punishable	pany failure to pro-	the Company failure
			2. A copy of the	by a fine of (AED	vide a copy of the	to provide a copy of
			Company Arti-	5,000) five thousand	Memorandum of As-	the Memorandum of
			cles of	dirhams.	sociation and	Association and

Association and any amendany amendany amendany amendany amendany amendany amendany aments thereto; 3. A statement of the amounts, the nature and value of any as-	osite,
ments thereto; 3. A statement of the amounts, the nature and sand dirhams. shall be punishable shall be punish by a fine of (AED by a fine of 10.000) ten thousand dirhams.	
3. A statement of the amounts, the nature and by a fine of (AED by a fine of (AED 10.000) ten thousand dirhams. thousand dirhams.	
the amounts, the nature and the nature and thousand dirhams.	ıable
the nature and sand dirhams. thousand dirha	AED
	enty
value of any as-	ns.
sets contributed	
by each Share-	
holder, and the	
dates of those	
contributions;	
and	
4. Any other data,	
documents or	
records im-	
posed under the	
provisions of	
the Law by De-	
cree and the	
Resolutions in	
implementation	
thereof.	
3 Violation of the Article (173) The Director, BOD The Company BOD The Company	BOD
Annual General Chairman, or his Chairman or his Rep- Chairman or his	Rep-
Assembly invi- Representative in the resentative who fails resentative who	fails
tation to con- Company who fails to invite the Com- to invite the	Com-
vene to invite the Com- pany annual General pany annual Ge	neral
pany annual General Assembly to con- Assembly to	con-
Assembly to con- vene within the pe- vene within the	pe-
vene within the pe- riod specified by the riod specified b	
riod specified by the Law by Decree, or Law by Decre	
Law by Decree, or who does the invita- who does the ir	
who does so before tion before obtaining tion before obtain	
obtaining the ap- the approval of the the approval o	-
proval of the Compe- Ministry shall be SCA shall be pu	
tent Authority shall punishable by a fine able by a fine of	
be punishable by a of (AED 30,000) 50,000) fifty to	nou-
fine of (AED 5,000) thirty thousand dir-sand dirhams.	
five thousand dir- hams.	
hams.	
4 Failure of The Article (309) The Director, BOD The Company BOD Two hundred to	
General Assem- Chairman, or his Chairman or his Rep- sand dirhams,	
	BOD
in the event of Company if its losses losses amount to half Chairman, or	his
losses amount to half of its of its capital and the Representative	if its

				. 1 11 60	non cl · · · · ·	1 12
				capital and he fails to	BOD Chairman fails	losses amount to half
				invite the General	to invite the General	of its capital and the
				Assembly to con-	Assembly to con-	BOD Chairman fails
				vene in accordance	vene in accordance	to invite the General
				with the provisions	with the provisions	Assembly to con-
				of the Law by Decree	of the Law by Decree	vene in accordance
				shall be punishable	shall be punishable	with the provisions
				by (AED 50,000) fifty	by (AED 100,000)	of the Law by Decree
				Thousand Dirhams.	one hundred thou-	shall be punishable
					sand Dirhams.	by (AED 200,000)
						two hundred thou-
						sand Dirhams.
5	Failure of the	Article (178)		The Company Direc-	The BOD Chairman	The Company BOD
	General Assem-	, ,		tor or the BOD Chair-	the Company or its	Chairman or his Rep-
	bly to convene			man Or his Repre-	Representative who	resentative who fails
	at the request of			sentative who fails to	fails to invite the	to invite the General
	the SCA or the			invite the convening	General Assembly	Assembly meeting
	Ministry or the			of the General As-	meeting after receiv-	after receiving a re-
	Competent Au-			sembly after receiv-	ing a request to that	quest to that effect
	•			-		from the SCA shall be
	thority			ing a request to that	effect from the Min-	
				effect from the Com-	istry shall be punish-	punishable by a fine
				petent Authority	able by a fine of (AED	of (AED 100,000)
				shall be punishable	50,000) fifty thou-	one hundred thou-
				of fine of ten thou-	sand dirhams.	sand dirhams.
				sand (AED 10,000)		
				dirhams.		
6	Failure to invite	Article (104)		The Director or BOD	The Company BOD	The Company BOD
	a member of the	Concerning		Chairman or his Rep-	Chairman or his Rep-	Chairman or his Rep-
	BOD or Direc-	Referral of		resentative in the	resentative who fails	resentative who fails
	tors to BOD	Joint Stock		Company who fails	to invite a member of	to invite a member of
	meetings	Companies		to invite a member of	the BOD-to-BOD	the BOD-to-BOD
		and Article		the BOD to meetings	meetings shall be	meetings shall be
		(156)		of the BOD shall be	punishable by a fine	punishable by a fine
				punishable by a fine	of (AED 8,000) eight	of (AED 10.0000) ten
				of (AED 3,000) three	thousand dirhams.	thousand dirhams.
				thousand dirhams.		
7	Refusal to assist	Article (343)	The Director of the	The Director, BOD	The Company Chair-	The Chairman or
	the Auditor or		Company or his Rep-	Chairman, or his	man, Member of the	member of the Com-
	the Inspectors		resentative, the em-	Representative,	Company BOD, the	pany BOD, the CEO,
			ployee of the Com-	company employee,	CEO, Director Gen-	the Director General,
			pany, or the Auditor	or Auditor who re-	eral, employee, or	the employee of the
			who refuses to sub-	fuses to submit doc-	Auditor who refuses	Company, or the Au-
			mit documents or in-	uments or infor-	to provide docu-	ditor who refuses to
			formation to the In-	mation to the Inspec-	ments or infor-	provide documents
			spectors of the Com-	tors of the Compe-	mation to the Inspec-	or information to the
			petent Authority to	tent Authority to	tors from the	Inspectors from the
			peterit /tatilonty to	tent Additionty to	tors from the	mspectors from the

			carry out their tasks,	carry out their tasks,	Ministry to carry out	SCA to carry out their
			or who conceals in-	or who conceals in-	their tasks, or who	duties, or who con-
			formation or expla-	formation or expla-	conceals infor-	ceals information or
			nations from them, or	nations from them,	mation or explana-	explanations from
			provides them with	or provides them	tions that provides	them, or who pro-
			misleading infor-	with misleading in-	them with mislead-	vides them with mis-
			mation shall be pun-	formation shall be	ing information shall	leading information
			ishable by fine of	punishable by fine of	be punishable by	shall be punishable
			(AED 5,000) five	(AED 5,000) five	fine of (AED 10,000)	by fine of (AED
			thousand dirhams.	thousand dirhams.	ten thousand dir-	10,000) ten thou-
					hams.	sand dirhams.
8	Failure to keep	Article (26)	A company that fails	A company that fails	A company that fails	A company that fails
	Accounting Rec-	, ,	to keep the Company	to comply with keep-	to keep the Com-	to keep the Com-
	ords		Accounting Records	ing the Company Ac-	pany Accounting	pany Accounting
	orus		to clarify its transac-	counting Records to	Records to clarify its	Records to clarify its
			tions shall be punish-	C		,
			'	clarify its transac-	transactions shall be	transactions shall be
			able by a fine of (AED	tions shall be punish-	punishable by a fine	punishable by a fine
			10.000) ten thou-	able by a fine of (AED	of (AED 20,000)	of (AED 30.000)
			sand dirhams.	15,000) fifteen thou-	twenty thousand dir-	thirty thousand dir-
				sand dirhams.	hams.	hams.
9	Failure to keep	Article (36)	A company that fails	A company that fails	A company that fails	A company that fails
	Accounting Rec-		to keep Accounting	to keep Accounting	to keep Accounting	to keep Accounting
	ords for the pe-		Records for the pe-	Records for the pe-	Records for the pe-	Records for the pe-
	riod specified in		riod specified in the	riod specified in the	riod specified in the	riod specified in the
	accordance with		Law by Decree shall	Law by Decree shall	Law by Decree shall	Law by Decree shall
	the Law by De-		be punishable by a	be punishable by a	be punishable by a	be punishable by a
	cree		fine of (AED 5,000)	fine of (AED 8,000)	fine of (AED 10.000)	fine of (AED 15,000)
			five thousand dir-	eight thousand dir-	ten thousand dir-	fifteen thousand dir-
			hams.	hams.	hams.	hams.
10	The Islamic Law	Article (11)	The Islamic Law Advi-	The Islamic Law Ad-	The Islamic Law Ad-	The Islamic Law Ad-
	Advisor and		sor and each member	visor and each mem-	visor and each mem-	visor and each mem-
	members of the		of the Islamic Law In-	ber of the Islamic	ber of the Islamic	ber of the Islamic
	Islamic Law In-		ternal Control Com-	Law Internal Control	Law Internal Control	Law Internal Control
	ternal Supervi-		mittee of companies	Committee of com-	Committee of com-	Committee of com-
	sion Committee		operating in accord-	panies that operate	panies operating in	panies operating in
	failure to com-		ance with the provi-	in accordance with	accordance with the	accordance with the
	ply		sions of Islamic Law	the provisions of Is-	provisions of Islamic	provisions of Islamic
	P-9		who do not comply	lamic Law and who	Law who do not	Law who do not
			with the controls for	do not comply with	comply with the con-	comply with the con-
			practicing their work	the controls of prac-	trols for practicing	trols of practicing
			_	•	their work that are is-	·
			that are issued by a	ticing their work that		their work that are is-
			resolution of the Cab-	are issued by a reso-	sued by a resolution	sued by a resolution
			inet shall be punisha-	lution of the Cabinet	of the Cabinet shall	of the Cabinet shall
			ble by a fine of (AED	shall be punishable	be punishable by a	be punishable by a
			5,000) five thousand	by a fine of (AED	fine of (AED 10,000)	fine of (AED 15,000)
			dirhams.			

				7,000)	ten thousand dir-	fifteen thousand dir-
				7,000) seven thou-		_
				sand dirhams.	hams.	hams.
11	Violation of the	Article (10)	A company that vio-	A company that vio-	A company that vio-	A company that vio-
	contribution		lates the prescribed	lates the prescribed	lates the prescribed	lates the prescribed
	percentage of		provisions concern-	provisions concern-	provisions concern-	provisions concern-
	the UAE Citizens		ing the percentage of	ing the percentage of	ing the percentage of	ing the percentage of
	in accordance		UAE Citizens' contri-	the contribution of	the State UAE Citi-	the State UAE Citi-
	with the activi-		bution to the capital	UAE Citizens to the	zens' contribution to	zens' contribution to
	ties with strate-		of companies shall be	capital of companies	the capital of compa-	the capital of compa-
	gic impact		punishable by a fine	or the percentage of	nies or the percent-	nies or the percent-
			of (AED 50,000) fifty	UAE Citizens in their	age of UAE Citizens	age of UAE Citizens
			thousand dirhams.	BOD shall be punish-	in their BOD shall be	in their BOD shall be
				able by a fine of (AED	punishable by a fine	punishable by a fine
				100,000) one hun-	of (AED 150,000)	of (AED 200,000)
				dred thousand dir-	one hundred and	two hundred thou-
				hams.	fifty thousand dir-	sand dirhams.
					hams.	Sand dimanish
12	Disposal of	Article (211)	Whoever disposes of	Whoever disposes of	Whoever disposes	Whoever disposes of
	shares in viola-		the shares on con-	the shares contrary	shares contrary to	the shares contrary
	tion of the pro-		trary to the rules pre-	to the rules pre-	the rules prescribed	to the rules pre-
	visions of the		scribed in the Law by	scribed in the Law by	in the Law by Decree	scribed in the Law by
	Law by Decree		Decree shall be pun-	Decree shall be pun-	A fine of (AED	Decree A fine of
			ishable by a fine of	ishable by a fine of	50,000) fifty thou-	(70,000) seventy
			(AED 10,000) ten	(AED 20,000) twenty	sand dirhams.	thousand dirhams.
			thousand dirhams.	thousand dirhams.		
13	Delayed legal	Article (359)	A company that fails	A company that fails	A company that fails	A company that fails
	regularisation		to amend its Memo-	to amend its Memo-	to amend its Memo-	to amend its Memo-
			randum of Associa-	randum of Associa-	randum of Associa-	randum of Associa-
			tion to conform to the	tion to conform to	tion to conform to	tion to conform to
			provisions of the Law	the provisions of the	the provisions of the	the provisions of the
			by Decree shall be	Law by Decree shall	Law by Decree shall	Law by Decree shall
			punishable by a fine	be punishable by a	be punishable by a	be punishable by a
			of (AED 500) five	fine of (AED 1,000)	fine of (AED 1,500)	fine of (AED 2,000)
			hundred dirhams	one thousand dir-	one thousand five	one thousand five
			every month. The cal-	hams every month.	hundred AED every	hundred AED every
			culation of this fine	The calculation of	month. Exceeds	-
						year.
			shall commence after	this fine shall com-	(AED 15,000) fifteen	
			the expiry of a period	mence after the ex-	thousand dirhams	
			of one year from the	piry of a period of	every year.	
			date of enforcement	one year from the		
			of the provisions of	date of enforcement		
			the Law by Decree,	of the provisions of		
			and not exceed (AED	the Law by Decree,		
			5,000) Five thousand	and not to exceed		
			dirhams every year.	(AED 10,000) Ten		

	ı	ı	I	1	T	ı
				thousand dirhams		
				every year.		
14	Failure to regis-	Article (336)	A Foreign Company, office or branch in the State shall be punishable by a fine of (AED 100,000)			
	ter and license	and Article	one hundred thousand dirhams if it fails to register with the registrar and obtain a licence from			
	the Foreign	(338)	the Competent Author	ity. In addition, if it fails	to submit a copy of the l	balance sheet and final
	Company		accounts with the Audi	tor Report and a copy of	the final accounts of its h	olding company, if any,
			to the Competent Auth	ority and the Ministry ev	very year.	
15	A Representa-	Article (339)	A Foreign Company R	epresentative Office in t	he State shall be punish	able by a fine of (AED
	tive Office prac-		50,000) fifty thousand	dirhams if it carries out a	a commercial activity wit	hin the State.
	tice of a com-		-			
	mercial activity					
16	Violation of the		Whoever violates	Whoever violates	Whoever violates	Whoever violates
	provisions of		any of the provisions	any of the provisions	any of the provisions	any of the provisions
	the Law by De-		of the Law by Decree	of the Law by Decree	of the Law by Decree	of the Law by Decree
	cree and the		for other acts and vi-	for other acts and vi-	for other acts and vi-	for other acts and vi-
	Resolutions in		olations not previ-	olations not previ-	olations not previ-	olations not previ-
	implementation		ously specified in this	ously specified in this	ously specified in this	ously specified in this
	thereof		Table committed in	Table committed in	Table committed in	Table committed in
			violation of the pro-	violation of the pro-	violation of the pro-	violation of the pro-
			visions of Federal	visions of Federal	visions of Federal	visions of Federal
			Law by (32) of 2021	Law by (32) of 2021	Law by (32) of 2021	Law by (32) of 2021
			Decree on concern-	Decree on concern-	Decree on concern-	Decree on concern-
			ing commercial com-	ing commercial com-	ing commercial com-	ing commercial com-
			panies or the provi-	panies or the provi-	panies or the provi-	panies or the provi-
			sions of the laws, reg-	sions of the laws, reg-	sions of the laws, reg-	sions of the laws, reg-
			ulations or resolu-	ulations or resolu-	ulations or resolu-	ulations or resolu-
			tions issued in imple-	tions issued in imple-	tions issued in imple-	tions issued in imple-
			mentation thereof	mentation thereof	mentation thereof	mentation thereof
			shall be punishable	shall be punishable	shall be punishable	shall be punishable
			fine of (AED 10.000)	fine of (AED 10.000)	fine of (AED 15.000)	fine of (AED 20.000)
			ten thousand dir-	ten thousand dir-	fifteen thousand dir-	twenty thousand dir-
			hams.	hams.	hams.	hams.