

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 Penalty	Limited Liability Company Administrative Penalty	Private Joint Stock Company Administrative Penalty	Public Shareholding Company Administrative Penalty
1	Failure to comply with the Resolution to change the trade name	Article (12)	A company that fails to comply with the Resolution to change the Company name shall be punishable by a fine of (AED 500) five hundred dirhams every month. Calculation of this fine shall commence after the expiry of a period of (30) thirty working days from the date of notification of the Resolution, and not exceed (AED 5,000) five thousand dirhams every year.	A company that fails to comply with the Resolution to change the Company name shall be punishable by a fine of (AED 500) five hundred dirhams every month. Calculation of this fine shall commence after the expiry of a period of (30) thirty working days from the date of notification of the Resolution, and not exceed (AED 5,000) five thousand dirhams every year.	A company that fails to comply with the Resolution to change the Company name shall be punishable by a fine of (AED 1,000) one thousand dirhams every month. The calculation of this fine shall commence after the expiry of a period of (30) thirty working days from the date of notification of the Resolution, and not exceed (AED 10,000) ten thousand dirhams every year.	A company that fails to comply with the Resolution to change the Company name shall be punishable by a fine of (AED 1,000) one thousand dirhams every month. The calculation of this fine shall commence after the expiry of a period of (30) thirty working days from the date of notification of the Resolution, and not exceed (AED 10,000) ten thousand dirhams every year.
2	The data and documents of the Partnership and the refusal to inform the Shareholders	Article (44), Article (100), and Article (140)	A company that fails to comply with keeping the following data and documents shall be punishable by a fine of (AED 1,000) one thousand dirhams: 1. A record that includes the names and addresses of the Shareholders; and 2. A copy of the Company Articles of	A company that refuses to share with the Shareholder the minutes of the General Assembly meetings, the Company books and documents, or any papers or documents related to a deal that the Company concluded with one of the related parties, shall be punishable by a fine of (AED 5,000) five thousand dirhams.	A company that refuses to share the Shareholder the minutes of the General Assembly meetings, the Company books and documents, or any documents or documents related to a deal that the Company concluded with a related party or the Company failure to provide a copy of the Memorandum of Association and	A company that refuses to share the Shareholder the minutes of the General Assembly meetings, the Company books and documents, or any papers or documents related to a deal that the Company concluded with one of the related parties, or the Company failure to provide a copy of the Memorandum of Association and

			<p>Association and any amendments thereto;</p> <p>3. A statement of the amounts, the nature and value of any assets contributed by each Shareholder, and the dates of those contributions;</p> <p>and</p> <p>4. Any other data, documents or records imposed under the provisions of the Law by Decree and the Resolutions in implementation thereof.</p>		<p>Articles of Association on its website shall be punishable by a fine of (AED 10,000) ten thousand dirhams.</p>	<p>Articles of Association on the website, shall be punishable by a fine of (AED 20,000) twenty thousand dirhams.</p>
3	Violation of the Annual General Assembly invitation to convene	Article (173)	--	<p>The Director, BOD Chairman, or his Representative in the Company who fails to invite the Company annual General Assembly to convene within the period specified by the Law by Decree, or who does so before obtaining the approval of the Competent Authority shall be punishable by a fine of (AED 5,000) five thousand dirhams.</p>	<p>The Company BOD Chairman or his Representative who fails to invite the Company annual General Assembly to convene within the period specified by the Law by Decree, or who does the invitation before obtaining the approval of the Ministry shall be punishable by a fine of (AED 30,000) thirty thousand dirhams.</p>	<p>The Company BOD Chairman or his Representative who fails to invite the Company annual General Assembly to convene within the period specified by the Law by Decree, or who does the invitation before obtaining the approval of the SCA shall be punishable by a fine of (AED 50,000) fifty thousand dirhams.</p>
4	Failure of The General Assembly to convene in the event of losses	Article (309)	--	<p>The Director, BOD Chairman, or his Representative in the Company if its losses amount to half of its</p>	<p>The Company BOD Chairman or his Representative if its losses amount to half of its capital and the</p>	<p>Two hundred thousand dirhams, the Company BOD Chairman, or his Representative if its</p>

				capital and he fails to invite the General Assembly to convene in accordance with the provisions of the Law by Decree shall be punishable by (AED 50,000) fifty Thousand Dirhams.	BOD Chairman fails to invite the General Assembly to convene in accordance with the provisions of the Law by Decree shall be punishable by (AED 100,000) one hundred thousand Dirhams.	losses amount to half of its capital and the BOD Chairman fails to invite the General Assembly to convene in accordance with the provisions of the Law by Decree shall be punishable by (AED 200,000) two hundred thousand Dirhams.
5	Failure of the General Assembly to convene at the request of the SCA or the Ministry or the Competent Authority	Article (178)	--	The Company Director or the BOD Chairman Or his Representative who fails to invite the convening of the General Assembly after receiving a request to that effect from the Competent Authority shall be punishable of fine of ten thousand (AED 10,000) dirhams.	The BOD Chairman the Company or its Representative who fails to invite the General Assembly meeting after receiving a request to that effect from the Ministry shall be punishable by a fine of (AED 50,000) fifty thousand dirhams.	The Company BOD Chairman or his Representative who fails to invite the General Assembly meeting after receiving a request to that effect from the SCA shall be punishable by a fine of (AED 100,000) one hundred thousand dirhams.
6	Failure to invite a member of the BOD or Directors to BOD meetings	Article (104) Concerning Referral of Joint Stock Companies and Article (156)	--	The Director or BOD Chairman or his Representative in the Company who fails to invite a member of the BOD to meetings of the BOD shall be punishable by a fine of (AED 3,000) three thousand dirhams.	The Company BOD Chairman or his Representative who fails to invite a member of the BOD-to-BOD meetings shall be punishable by a fine of (AED 8,000) eight thousand dirhams.	The Company BOD Chairman or his Representative who fails to invite a member of the BOD-to-BOD meetings shall be punishable by a fine of (AED 10,000) ten thousand dirhams.
7	Refusal to assist the Auditor or the Inspectors	Article (343)	The Director of the Company or his Representative, the employee of the Company, or the Auditor who refuses to submit documents or information to the Inspectors of the Competent Authority to	The Director, BOD Chairman, or his Representative, company employee, or Auditor who refuses to submit documents or information to the Inspectors of the Competent Authority to	The Company Chairman, Member of the Company BOD, the CEO, Director General, employee, or Auditor who refuses to provide documents or information to the Inspectors from the	The Chairman or member of the Company BOD, the CEO, the Director General, the employee of the Company, or the Auditor who refuses to provide documents or information to the Inspectors from the

			carry out their tasks, or who conceals information or explanations from them, or provides them with misleading information shall be punishable by fine of (AED 5,000) five thousand dirhams.	carry out their tasks, or who conceals information or explanations from them, or provides them with misleading information shall be punishable by fine of (AED 5,000) five thousand dirhams.	Ministry to carry out their tasks, or who conceals information or explanations that provides them with misleading information shall be punishable by fine of (AED 10,000) ten thousand dirhams.	SCA to carry out their duties, or who conceals information or explanations from them, or who provides them with misleading information shall be punishable by fine of (AED 10,000) ten thousand dirhams.
8	Failure to keep Accounting Records	Article (26)	A company that fails to keep the Company Accounting Records to clarify its transactions shall be punishable by a fine of (AED 10,000) ten thousand dirhams.	A company that fails to comply with keeping the Company Accounting Records to clarify its transactions shall be punishable by a fine of (AED 15,000) fifteen thousand dirhams.	A company that fails to keep the Company Accounting Records to clarify its transactions shall be punishable by a fine of (AED 20,000) twenty thousand dirhams.	A company that fails to keep the Company Accounting Records to clarify its transactions shall be punishable by a fine of (AED 30,000) thirty thousand dirhams.
9	Failure to keep Accounting Records for the period specified in accordance with the Law by Decree	Article (36)	A company that fails to keep Accounting Records for the period specified in the Law by Decree shall be punishable by a fine of (AED 5,000) five thousand dirhams.	A company that fails to keep Accounting Records for the period specified in the Law by Decree shall be punishable by a fine of (AED 8,000) eight thousand dirhams.	A company that fails to keep Accounting Records for the period specified in the Law by Decree shall be punishable by a fine of (AED 10,000) ten thousand dirhams.	A company that fails to keep Accounting Records for the period specified in the Law by Decree shall be punishable by a fine of (AED 15,000) fifteen thousand dirhams.
10	The Islamic Law Advisor and members of the Islamic Law Internal Supervision Committee failure to comply	Article (11)	The Islamic Law Advisor and each member of the Islamic Law Internal Control Committee of companies operating in accordance with the provisions of Islamic Law who do not comply with the controls for practicing their work that are issued by a resolution of the Cabinet shall be punishable by a fine of (AED 5,000) five thousand dirhams.	The Islamic Law Advisor and each member of the Islamic Law Internal Control Committee of companies that operate in accordance with the provisions of Islamic Law and who do not comply with the controls for practicing their work that are issued by a resolution of the Cabinet shall be punishable by a fine of (AED 5,000) five thousand dirhams.	The Islamic Law Advisor and each member of the Islamic Law Internal Control Committee of companies operating in accordance with the provisions of Islamic Law who do not comply with the controls for practicing their work that are issued by a resolution of the Cabinet shall be punishable by a fine of (AED 10,000) ten thousand dirhams.	The Islamic Law Advisor and each member of the Islamic Law Internal Control Committee of companies operating in accordance with the provisions of Islamic Law who do not comply with the controls for practicing their work that are issued by a resolution of the Cabinet shall be punishable by a fine of (AED 15,000) fifteen thousand dirhams.

				7,000) seven thousand dirhams.	ten thousand dirhams.	fifteen thousand dirhams.
11	Violation of the contribution percentage of the UAE Citizens in accordance with the activities with strategic impact	Article (10)	A company that violates the prescribed provisions concerning the percentage of UAE Citizens' contribution to the capital of companies shall be punishable by a fine of (AED 50,000) fifty thousand dirhams.	A company that violates the prescribed provisions concerning the percentage of the contribution of UAE Citizens to the capital of companies or the percentage of UAE Citizens in their BOD shall be punishable by a fine of (AED 100,000) one hundred thousand dirhams.	A company that violates the prescribed provisions concerning the percentage of the State UAE Citizens' contribution to the capital of companies or the percentage of UAE Citizens in their BOD shall be punishable by a fine of (AED 150,000) one hundred and fifty thousand dirhams.	A company that violates the prescribed provisions concerning the percentage of the State UAE Citizens' contribution to the capital of companies or the percentage of UAE Citizens in their BOD shall be punishable by a fine of (AED 200,000) two hundred thousand dirhams.
12	Disposal of shares in violation of the provisions of the Law by Decree	Article (211)	Whoever disposes of the shares on contrary to the rules prescribed in the Law by Decree shall be punishable by a fine of (AED 10,000) ten thousand dirhams.	Whoever disposes of the shares contrary to the rules prescribed in the Law by Decree shall be punishable by a fine of (AED 20,000) twenty thousand dirhams.	Whoever disposes shares contrary to the rules prescribed in the Law by Decree A fine of (AED 50,000) fifty thousand dirhams.	Whoever disposes of the shares contrary to the rules prescribed in the Law by Decree A fine of (70,000) seventy thousand dirhams.
13	Delayed legal regularisation	Article (359)	A company that fails to amend its Memorandum of Association to conform to the provisions of the Law by Decree shall be punishable by a fine of (AED 500) five hundred dirhams every month. The calculation of this fine shall commence after the expiry of a period of one year from the date of enforcement of the provisions of the Law by Decree, and not exceed (AED 5,000) Five thousand dirhams every year.	A company that fails to amend its Memorandum of Association to conform to the provisions of the Law by Decree shall be punishable by a fine of (AED 1,000) one thousand dirhams every month. The calculation of this fine shall commence after the expiry of a period of one year from the date of enforcement of the provisions of the Law by Decree, and not to exceed (AED 10,000) Ten	A company that fails to amend its Memorandum of Association to conform to the provisions of the Law by Decree shall be punishable by a fine of (AED 1,500) one thousand five hundred AED every month. Exceeds (AED 15,000) fifteen thousand dirhams every year.	A company that fails to amend its Memorandum of Association to conform to the provisions of the Law by Decree shall be punishable by a fine of (AED 2,000) one thousand five hundred AED every year.

				thousand dirhams every year.		
14	Failure to register and license the Foreign Company	Article (336) and Article (338)	A Foreign Company, office or branch in the State shall be punishable by a fine of (AED 100,000) one hundred thousand dirhams if it fails to register with the registrar and obtain a licence from the Competent Authority. In addition, if it fails to submit a copy of the balance sheet and final accounts with the Auditor Report and a copy of the final accounts of its holding company, if any, to the Competent Authority and the Ministry every year.			
15	A Representative Office practice of a commercial activity	Article (339)	A Foreign Company Representative Office in the State shall be punishable by a fine of (AED 50,000) fifty thousand dirhams if it carries out a commercial activity within the State.			
16	Violation of the provisions of the Law by Decree and the Resolutions in implementation thereof	--	Whoever violates any of the provisions of the Law by Decree for other acts and violations not previously specified in this Table committed in violation of the provisions of Federal Law by (32) of 2021 Decree on concerning commercial companies or the provisions of the laws, regulations or resolutions issued in implementation thereof shall be punishable fine of (AED 10.000) ten thousand dirhams.	Whoever violates any of the provisions of the Law by Decree for other acts and violations not previously specified in this Table committed in violation of the provisions of Federal Law by (32) of 2021 Decree on concerning commercial companies or the provisions of the laws, regulations or resolutions issued in implementation thereof shall be punishable fine of (AED 10.000) ten thousand dirhams.	Whoever violates any of the provisions of the Law by Decree for other acts and violations not previously specified in this Table committed in violation of the provisions of Federal Law by (32) of 2021 Decree on concerning commercial companies or the provisions of the laws, regulations or resolutions issued in implementation thereof shall be punishable fine of (AED 15.000) fifteen thousand dirhams.	Whoever violates any of the provisions of the Law by Decree for other acts and violations not previously specified in this Table committed in violation of the provisions of Federal Law by (32) of 2021 Decree on concerning commercial companies or the provisions of the laws, regulations or resolutions issued in implementation thereof shall be punishable fine of (AED 20.000) twenty thousand dirhams.