

Cabinet Resolution No. (28) of 2007
Regarding the Executive Regulations of Federal Law No. (8) of 2004
Regarding Financial Free Zones

The Cabinet:

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 Regarding the Competencies of the Ministries and Powers of the Ministers, as amended;
- Federal Law No. (10) of 1980 Regarding the Central Bank, the Monetary System and Organization of Banking, as amended;
- Federal Law No. (8) of 1984 Regarding Commercial Companies, as amended;
- Federal Law No. (9) of 1984 Regarding Insurance Companies and Agents as amended;
- Penal Code promulgated by Federal Law No. (3) of 1987, as amended;
- Criminal Procedure Law promulgated by Federal Law No. (35) of 1992, as amended;
- Federal Law No. (4) of 2000 Regarding the Emirates Securities and Commodities Authority and Market, as amended;
- Federal Law No. (4) of 2002 Regarding the Criminalization of Money Laundering;
- Federal Law No. (8) of 2004 Regarding the Financial Free Zones;
- Federal Decree by Law No. (1) of 2004 Regarding Combating Terrorism Crimes;
- Cabinet Resolution No. (161/19) of 2007 Regarding the Approval of the Draft Cabinet Resolution Regarding the Executive Regulation of Federal Law No. (8) of 2004 Regarding Financial Free Zones; and
- Upon the proposal of the Minister of Finance and Industry, and the approval of the Cabinet,

Hereby resolves as follows:

Article (1)

Definitions

For the purposes of implementing the provisions of this resolution, the following terms shall have the meanings assigned to each of them, unless the context otherwise requires:

State : The United Arab Emirates

- Financial Free Zone** : A free zone established in any Emirate of the State where Financial Activities are practiced.
- Competent Authorities** : The relevant ministries, authorities, or local departments designated by the Cabinet.
- Board** : The Board of Directors of the Financial Free Zone.
- Chairman** : The Chairman of the Board of Directors of the Financial Free Zone.
- Financial Activities** : The banking and financial services and activities, insurance and reinsurance, financial markets, monetary and financial brokerage services, and supporting activities licensed to be practiced in the Financial Free Zones.
- Financial Banking Activity** : Banking business and banking activities.
- Companies and Institutions** : Companies and branches of companies, and institutions established or licensed to work in the Financial Free Zones.

Article (2)

1. The Financial Free Zone shall be established by virtue of a federal decree. It shall have legal personality and shall be legally represented by the Chairman of the Board of Directors thereof. It shall be solely liable for the obligations arising from the practice of their activities.
2. By virtue of a resolution issued by the Prime Minister, the location and area of the Financial Free Zones may be determined, expanded and changed, upon a request to be submitted by the concerned zone, provided that the request states the proposed location, the required area, the reasons behind the choice or the change of the said location and area, as well as any other required data.

Article (3)

1. The Financial Free Zones and all operations carried out therein shall be subject to the provisions of the federal laws in force in the State concerning the criminalization of money laundering and combating of terrorist activities.

2. Such zones and the Financial Activities shall also be subject to the provisions of federal laws, with the exception of federal civil and commercial laws.
3. The Companies and Institutions that intend to practice their activities outside the borders of the Financial Free Zones and within the State shall be subject to the federal laws in force in the State, including federal civil and commercial laws, their implementing resolution and the procedures followed in this regard.

Article (4)

The Financial Free Zones shall comply with the following:

1. With respect to the Financial Banking Activities:
 - a. The license shall be limited to the branches of Companies and Institutions, joint venture companies, and companies wholly owned by any of them, provided that they possess a strong financial position and a complete organizational and administrative structure. It shall be managed by persons with experience and knowledge in this type of activity.
 - b. The licensed Companies and Institutions in the Financial Free Zones shall not accept deposits from the State market and shall not transact in UAE Dirham.
 - c. The licensing standards applicable to companies, branches of companies, and institutions shall not be lower than those applied in the State.
2. The financial brokers licensed in the State by the Securities and Commodities Authority may not be licensed by the Competent Authorities in the Financial Free Zones to practice the activities thereof in the markets of the Financial Free Zones unless prior approval is obtained from the Securities and Commodities Authority. The existence of an actual headquarters for such brokers in the Financial Free Zones shall not be required.
3. The companies listed on any of the exchange markets in the State shall not be listed on the markets of the Financial Free Zones unless prior approval is obtained from the Securities and Commodities Authority.
4. The practice of the insurance activity in the State shall be limited to reinsurance and reinsurance brokerage by companies licensed by the Competent Authorities in the Financial Free Zones, without the need to have a headquarters thereof within the State.
5. The actual presence of the headquarters of Companies and Institutions licensed to

conduct their activities in the Financial Free Zones shall be limited to the boundaries of such zones. Companies and Institutions may establish subsidiaries and branches in the State, and may own companies operating in the State or shares therein in accordance with the laws and regulations in force in the State. The Companies and Institutions may be licensed by the Financial Free Zones to operate outside the State.

6. The companies established in the Financial Free Zones shall be treated as national companies should they meet the conditions thereof in accordance with the laws in force in the State.

Article (5)

The Financial Free Zones shall refrain from undertaking any act that may result in a breach of any international agreements to which the State has acceded or may accede.

Article (6)

The Financial Free Zones may conclude memoranda of understanding and cooperation agreements with counterpart entities and centers through the Chairman of its Board of Directors, provided that such memoranda do not conflict with the agreements to which the State is a party.

Article (7)

1. The Financial Free Zones shall submit a semi-annual report to the Cabinet on their activities and compliance with the provisions of Federal Law No. (8) of 2004 Regarding the Financial Free Zones.
2. The Financial Free Zones shall be subject to inspection by a committee established by virtue of a Cabinet resolution based on the proposal of the Minister of Finance. The resolution shall specify its composition, competencies, and the provisions related thereto.
3. Subject to the provisions of Article (3) of this Regulation, the concerned Emirate may, within the limits of the purpose for which the Financial Free Zone was established, issue the necessary legislation for the conduct of its activities.

Article (8)

Upon a Cabinet resolution, and for a period not exceeding four years from the date of establishment thereof, the Financial Free Zones may grant licenses to Companies and Institutions to operate outside the administrative and geographical borders of such zones in the State.

Article (9)

The Financial Free Zones shall by themselves, or through the competent entities thereof, conclude memoranda of understanding with the relevant authorities such as the Central Bank, the Ministry of Economy, the Securities and Commodities Authority and the Insurance Authority for the purpose of coordination, cooperation, and supervision.

Article (10)

This Regulations shall be published in the Official Gazette and shall enter into force as of the date of its publication.

Mohammed Bin Rashid Al Maktoum

Prime Minister

Issued by us:

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