

Decretal Federal Law No. (14) of 2018
Regarding the Central Bank & Organization of Financial Institutions and Activities

We, Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates,
Having perused the constitution;

Federal Law No (1) of 1972, Regarding Jurisdictions of Ministries and Powers of Ministers, and amendments thereto;

Federal Law No (5) of 1975, Regarding the Commercial Register;

Federal Law No (10) of 1980, Regarding the Central Bank, the Monetary System & Organization of Banking, and amendments thereto;

Federal Law No (5) of 1985, Promulgating the UAE Civil Transactions Law and amendments thereto;

Federal Law No (6) of 1985, Regarding Islamic Banks, Financial Institutions and Investment Companies;

Federal Law No (3) of 1987, Promulgating the UAE Penal Code and amendments thereto;

Federal Law No (10) of 1992, Promulgating the Evidence Law in Civil & Commercial Transactions and amendments thereto;

Federal Law No (11) of 1992, Promulgating the Civil Procedures Law and amendments thereto;

Federal Law No (18) of 1993, Promulgating the Commercial Transactions Law and amendments thereto;

Federal Law No (4) of 2000, Regarding the UAE Securities and Commodities Authority & Market and amendments thereto;

Federal Law No (4) of 2002, Regarding Criminalization of Money Laundering and amendments thereto;

Federal Law No (8) of 2004, Regarding Financial Free Zones;

Federal Law No (17) of 2004, Regarding combating of Commercial Cover-up;

Federal Law No (1) of 2006, Regarding Electronic Transactions & Commerce;

Decretal Federal Law No (4) of 2007, Regarding Establishment of The Emirates Investment Authority, and amendments thereto;

Federal Law No (6) of 2007, Regarding Establishment of The Insurance Authority & Organization of its Business, and amendments thereto;

Federal Law No (6) of 2010, Regarding Credit Information;

Federal Law No (1) of 2011, Regarding the State Public Revenues;

Decretal Federal Law No (5) of 2011, Regarding Organization of Boards of Directors, General Secretariats & Committees in the Federal Government;

Federal Law No (8) of 2011, Regarding Re-organization of the State Audit Bureau;

Decretal Federal Law No (8) of 2011, Regarding Rules for Preparation of the State Budget & Final Account;

Federal Law No (4) of 2012, Regarding Organization of Competition;
Decretal Federal Law No (5) of 2012, Regarding Combating of IT Offences;
Decretal Federal Law No (7) of 2014, Regarding Combating of Terrorist Offences;
Federal Law No (12) of 2014, Regarding Reorganization of Accounts Auditors Profession;
Federal Law No (2) of 2015, Regarding Commercial Companies;
Decretal Federal Law No (9) of 2016, Regarding Bankruptcy;
Federal Law No (20) of 2016, Regarding Pledge of Movable Properties in Guarantee of Debt.
Federal Law No (7) of 2017, Regarding Tax Procedures;
Decretal Federal Law No (9) of 2018, Regarding Public Debt;
Decretal Federal Law No (10) of 2018, Regarding Netting;
And based on the proposal of the Finance Minister and approval of the Cabinet.

Promulgated the following Decretal Law:

Article (1)

Definitions

In the implementation of provisions of this decretal law, and unless the context otherwise requires, the following words and expressions shall have the meanings cited against each:

The State: The United Arab Emirates

The Government: The UAE Federal Government

The Ministry: The Ministry of Finance

The Minister: The Minister of Finance

The Central Bank: The Central Bank of the United Arab Emirates

The Regulatory Authorities in the State: The Central Bank, the Securities & Commodities Authority, and the Insurance Authority

The Board of Directors: Board of directors of the Central Bank

The Governor: The Governor of the Central Bank

The Public Sector: The Federal Government, governments of Union member emirates, and their fully owned agencies and public institutions and companies, which provide public services and do not, primarily, carry on any activities relating to money and financial markets

Government Related Entities: A Juridical person wherein the Government, any of the governments of the Union member emirates, or any of their respective subsidiaries, owns more than fifty percent (50%) of its capital

Financial Free Zones: Financial free zones subject to the provisions of Federal Law No (8) of 2004, Regarding Financial Free Zones, and amending laws

Licensed Financial Institutions: Banks and Other Financial Institutions licensed in accordance with the provisions of this decretal law, to carry on a Licensed Financial Activity or more, including those

which carry on the whole or a part of their business in compliance with the provisions of Islamic Shari`ah, and are either incorporated inside the State or in other jurisdictions, or have branches, subsidiaries or Representative Offices inside the State

Banks: Any juridical person licensed in accordance with the provisions of this decretal law, to primarily carry on the activity of taking deposits, and any other Licensed Financial Activities

Other Financial Institutions: Any juridical person, other than Banks, licensed, in accordance with the provisions of this decretal law, to carry on a financial activity or more, of the Licensed Financial Activities

Higher Shari`ah Authority: The Authority referred to in Article (17) of this decretal law

Exchange House: A juridical person licensed in accordance with the provisions of this decretal law to carry on money exchange activity, and conduct funds transfers within and outside the State, and any other businesses determined by the Central Bank

Representative Office: An office licensed in accordance with the provisions of this decretal law, to carry on representation of a financial institution incorporated in other jurisdictions

Licensed Financial Activities: The financial activities subject to Central Bank licensing and supervision, which are specified in article (65) of this decretal law

Authorized Individual: Any natural person authorized in accordance with the provisions of this decretal law, to carry on any of the Designated Functions

Designated Functions: Functions of the Authorized Individual at, or for the benefit of, a Licensed Financial Institution of influential nature on the institution's activities

Own Funds: Central Bank's capital and reserves referred to in Article (5) of this decretal law

Foreign Reserves: Foreign assets held by the Central Bank denominated in any reserve currency and deployed to back its liabilities

Primary Dealers: Any bank which, acting as a principal or on behalf of another Person, purchases, sells or redeems any securities issued inside the State by the Public Sector, in accordance with the terms and conditions set by the Central Bank

Standing Facilities: Monetary Policy tools made available to deposit-taking Licensed Financial Institutions, to enable management of their liquidity

Financial Infrastructure System: Means either (1) a Clearing and Settlement System or (2) a Retail Payment System, established, operated, licensed, or overseen by any of the Regulatory Authorities in the State

Designated System: Any Financial Infrastructure System designated by the Central Bank as systemically important, in accordance with the provisions of this decretal law

Clearing and Settlement System: Any system established for the following purposes: (1) Clearing or settlement of payment obligations or (2) Clearing or settlement of obligations to transfer specific book-entry securities, or transfer of such securities

Retail Payment System: Any fund transfer system and related instruments, mechanisms, and arrangements that typically handles a large volume of relatively low-value payments in such forms as cheques, credit transfers, direct debit, or card payment transactions

Stored Value Facilities: A non-cash facility, in electronic or magnetic form, which is purchased by a user to be used as means of making a payment for goods and services

Participant Person: In respect of a Financial Infrastructure System, shall mean any Person who is party to the arrangements for which the system has been established

Settlement Institution: In respect of a Financial Infrastructure System, shall mean a Person (1) providing settlement accounts to the Participant Persons and to any Central Counterparty, in a Clearing and Settlement System, in order to settle Transfer Orders through the system, and provide credit facilities for settlement purposes, if necessary or (2) providing settlement services for any Retail Payment System

Default Arrangements: In respect of a Financial Infrastructure System, means the arrangements in place within the system for limiting systemic and other types of risk in the event of a participant appearing to be, or likely to become, unable to meet his obligations in respect of a Transfer Order; and would include any arrangements that have been enforced by the system's operator or its Settlement Institution for the following: (1) the Netting of obligations owed to or by a Participant Person; (2) the closing out of open financial position of a Participant Person, or (3) the realization of collateral securities to secure payment of obligations owed by the Participant Person

Transfer Order: In respect of a Financial Infrastructure System, shall mean any of the following instructions: (1) instructions by a Participant Person to make funds available to another Participant Person, to be transferred, on a book-entry basis, in the accounts of the Settlement Institution for a Clearing and Settlement System; or (2) instructions for discharge from obligation to pay, for the purposes of the operational rules of a Clearing and Settlement System; or (3) instructions by a Participant Person to either settle an obligation by transferring a book-entry security, or transferring those securities; or (4) instructions by a Participant Person that result in the assumption or discharge of retail operations payment obligation

Netting: In respect of a Clearing and Settlement System, means the conversion of the various obligations owed to or by a Participant Person towards all the other Participant Persons in the system, into one net obligation owed to or by the Participant Person

Reserve Requirements: The percentage of deposits held by deposit-taking financial institutions, which the Board of Directors may decide to keep with the Central Bank, as per the terms and conditions it may determine

Eligible Securities: Securities approved by the Central Bank, which deposit-taking Licensed Financial Institutions may present as collateral for drawing from the Central Bank funds

Currency: The State's official national currency notes and coins, which its unit is referred as the "Dirham"

Monetary Base: It includes the following: (1) Issued Currency; (2) Aggregate balances of current accounts of Licensed Financial Institutions with the Central Bank, including the Reserve Requirements, in addition to any other funds deposited with the Central Bank for the purpose of clearing and settlement operations; and (3) the outstanding balance of securities and financial instruments issued by the Central Bank

Grievances & Appeals Committee: The committee referred to in Article (136) of this decretal law

Person: A natural or juridical person, as the case may be

Year: The Gregorian calendar year

PART I
– THE CENTRAL BANK –

Chapter One: Organization & Objectives of the Central Bank

Article (2)

Independence of the Central Bank

- 1) The Central Bank shall be considered a Federal public institution having its own body corporate, and enjoying financial and managerial independence, and the required juridical capacity to conduct all businesses and activities, which ensure attainment of its objectives.
- 2) The Central Bank shall not be subject to the provisions of laws relating to public finance, tenders and auctions, public accounts and civil service, and its own regulations in these respects, shall apply.
- 3) The functions of State Audit Institution as per Federal Law No. (8) of 2011, Regarding Re-organization of the State Audit Institution, shall be confined to post-audit, and it shall have no right to interfere in the running of the Central Bank business, or challenge its policies.

Article (3)

The Central Bank Headquarters

Headquarters of the Central Bank and its official address, along with its main branch shall be located in the State's capital and may, upon Board of Directors approval, establish subsidiaries and open branches, offices and agencies inside and outside the State, and appoint agents and correspondents inside and outside the State.

Article (4)

Principal Objectives and Functions of the Central Bank

The Central Bank aims at achieving the following objectives:

- 1) Maintain stability of the national Currency within the framework of the monetary system.
- 2) Contribute to the promotion and protection of the stability of the financial system in the State.
- 3) Ensure prudent management of the Central Bank's Foreign Reserves.

For the purpose of achieving its objectives, the Central Bank shall undertake the following functions and jurisdictions:

- a. Draw up and implement monetary policy while considering the State's general strategy.
- b. Exercise the privilege of Currency issuance.
- c. Organize Licensed Financial Activities, establish the foundations for carrying them on, and determine the standards required for developing and promoting prudential practices in accordance with the provisions of this decretal law and international standards.
- d. Set up appropriate regulations and standards for protection of customers of Licensed Financial institutions.

- e. Monitor the credit condition in the State, in order to contribute to the achievement of balanced growth in the national economy.
- f. Manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the Monetary Base as per the provisions of this decretal law.
- g. Regulate, develop, oversee and maintain soundness of the Financial Infrastructure Systems in the State, including electronic payment systems, digital currency, and Stored Value Facilities.

Chapter Two: Capital, Reserves & Accounts of the Central Bank

Article (5)

Capital and Reserves

- 1) The capital of the Central Bank shall be Twenty Billion (20,000,000,000) Dirhams.
- 2) A sum of Seventeen Billion Five Hundred Million (17,500,000,000) Dirhams shall be transferred from the General Reserve Account, to increase the capital to the amount referred to in item (1) of this article.
- 3) The capital may be increased by a federal decree based on a proposal of the Board of Directors, presented by the Minister, and approved by the Cabinet. Such increase shall be paid either by transfer from the General Reserve Account or directly by the Government.
- 4) The capital of the Central Bank may only be reduced by a law.
- 5) The Central Bank shall establish a General Reserve Account that should not exceed four (4) times the paid up capital referred to in item (1) of this article. All net profit shall, after that, automatically devolve to the Government.
- 6) The Board of Directors shall, at the end of each financial year, determine the Central Bank's annual net profits after deducting administrative and operational expenses, and allocating necessary funds for depreciation of assets and reserves, provisions for bad and doubtful debts and end of service indemnity for the staff of the Central Bank, along with the contingencies and/or other purposes the Board of Directors may determine, and in general, all other financial expenses normally deducted from net profits by banks, and the resulting net profits for each financial year shall be posted to the General Reserve Account.
- 7) The Cabinet shall issue a resolution specifying the percentage of profits to be retained by the Central Bank until the total balance of the General Reserve Account reaches the four (4) times limit referred to in item (5) hereof.
- 8) Should the balance of the General Reserve Account, as at end of any financial year, be insufficient to cover the losses of the Central Bank; the deficit shall be met by the Government.

Article (6)

Financial Year

The financial year for the Central Bank shall commence on the first day of January and end on the thirty-first day of December of each Year.

Article (7)

Organization of Operations and Accounts

Operations of the Central Bank shall be conducted, and its balance sheet and accounts shall be organized in accordance with international standards and banking rules and customs. The Central Bank's operations with third parties shall be considered commercial.

Article (8)

Accounts Auditing

The accounts of the Central Bank shall be audited by an auditor or more, selected, periodically, by the Board of Directors. The Board of Directors shall determine the auditors' annual remunerations.

Article (9)

Required Statements & Accounts Reports

- 1) Within three (3) months from end of the financial year, the Central Bank shall submit to the President of the State an annual report on the following:
 - a. The Central Bank's final accounts of the year, certified by the auditors of accounts. Such accounts shall be published in the Official Gazette.
 - b. Central Bank's activities and businesses during the financial year.
 - c. An overview of monetary, banking and financial developments in the State.
- 2) The Central Bank shall submit the following to the Minister:
 - a. Copy of the annual report referred to in item (1) of this article.
 - b. The information the Minister may request on monetary, banking and financial developments in the State, along with semi-annual reports covering all aspects related to such developments.
 - c. A quarterly statement on the Central Bank's assets and liabilities, which shall be published in the Official Gazette.

Chapter Three: Management of the Central Bank

Section One: The Board of Directors

Article (10)

Members of the Board of Directors

The Central Bank shall be managed by a Board of Directors of seven (7) members, including the Chairman, Deputy Chairman and the Governor.

Article (11)

Members Appointment

- 1) Members of the Board of Directors shall be appointed by a federal decree based on recommendation of the Cabinet, and shall serve for a four (4) year term renewable to similar periods.

- 2) The Chairman, the Deputy Chairman and the Governor, shall each have the rank of Minister. Should the Chairman be absent or his post became vacant, the Deputy Chairman shall replace him; and should both the Chairman and his Deputy be absent or their posts became vacant, the Governor shall replace them both.

Article (12)

Membership Conditions

A member of the Board of Directors shall satisfy the following conditions:

- 1) Be of UAE nationality.
- 2) Have experience in economic, financial or banking affairs.
- 3) Not have been declared bankrupt or failed to repay his debts.
- 4) Not have been convicted, of a felony or a misdemeanor involving moral turpitude or dishonesty, unless rehabilitated.
- 5) Not an active minister or member of the Federal National Council.
- 6) Not holding any position, a job or board of directors' membership of any institution licensed by any of the Regulatory Authorities in the State or by any of the regulatory authorities in the Financial Free Zones.
- 7) Not a controller or auditor of accounts of a Licensed Financial Institution, nor owner, agent, or partner in any accounts audit firm.

Article (13)

Resignation or Vacancy of Office

Should a member of the Board of Directors resign, or his seat become vacant for any reason whatsoever prior to the expiry of his term of office, a successor shall be appointed, in accordance with the membership conditions referred to in Article (12) of this decretal law, for the remaining term of office of the Board of Directors.

Article (14)

Termination of Membership

- 1) Membership of the Board of Directors terminates upon end of the term of office without renewal, death, or resignation. Membership of the Board of Directors may also be terminated by a federal decree, based on the Cabinet approval, in any of the following cases:
 - a. If the member committed grave mistakes in management of the Central Bank, or committed serious breach of his duties.
 - b. If the member absented himself from three (3) consecutive meetings of the Board of Directors without the Board of Directors' approval, unless such absence was due to his being on an official assignment, annual or sick leave, or due to any other acceptable reason.
 - c. If the member no longer satisfies any of the membership conditions referred to in Article (12) of this decretal law.

- d. If the member was rendered incapable of performing his functions, for any reason whatsoever.
- 2) Where term of office of members of the Board of Directors has expired without renewal, members of the Board of Directors shall continue to perform their functions until such time new members were appointed.

Section Two: Jurisdictions & Meetings of the Board of Directors

Article (15)

Powers & Functions of the Board of Directors

The Board of Directors shall, within the limitations imposed by the provisions of this decretal law, exercise all powers required for achieving the objectives for which the Central Bank has been established.

The Board of Directors shall, in particular, exercise the following:

- 1) Issue regulations, rules, standards, instructions and business controls to perform its functions and jurisdictions, and take all measures and actions necessary to enforce the provisions of this decretal law.
- 2) Establish and oversee implementation of policies for deployment and management of the Central Bank's Own Funds and assets.
- 3) Decide on matters relating to issuance of the Currency and its withdrawal from circulation.
- 4) Issue regulations relating to organization of Licensed Financial Activities and decide on related matters, including regulations and procedures relating to supervision and oversight thereof, and determine conditions and rules for granting licenses to Licensed Financial Institutions to carry on Licensed Financial Activities and authorizations to undertake Designated Functions.
- 5) Establish policies, and issue regulations relating to prudential supervision, and the standards and guidelines relating to Licensed Financial Activities.
- 6) Establish regulations and standards for protection of customers of Licensed Financial Institutions.
- 7) Issue regulations, controls, and procedures for encountering money laundering and combating terrorism financing and unlawful organizations.
- 8) Take necessary actions, procedures and impose administrative penalties against any Person violating the provisions of this decretal law, and regulations issued in implementation thereof.
- 9) Approve rules and regulations for maintaining integrity and efficiency of Financial Infrastructure Systems licensed, established, developed, or operated by the Central Bank.
- 10) Approve risk management and compliance policies at the Central Bank.
- 11) Approve Central Bank's bylaws, issue the organizational structure and the administrative, financial and technical regulations, and determine powers and competencies, within the limitations of the provisions of this decretal law.
- 12) Approve human resources policies at the Central Bank.

- 13) Approve rules for the Central Bank institutional governance, including a set of rules and regulations aimed at achieving performance quality and excellence, in line with the Government's strategic plans and objectives.
- 14) Decide on loans and advances granted to the Government, in accordance with the provisions of this decretal law.
- 15) Approve settlements and reconciliations relating to Central Bank's businesses.
- 16) Approve the Central Bank's annual budget and any variations thereof during the year.
- 17) Approve the Central Bank's annual final accounts and the amount of net annual profits.
- 18) Deal with all other matters deemed within its powers, and are conducive to achievement of the objectives of the Central Bank and the discharge of its functions, in accordance with the provisions of this decretal law.

Article (16)

Formation of Committees & Delegation of Authorities

- 1) The Board of Directors may form the committees it deems appropriate to assist in the discharge of its functions and jurisdictions in accordance with the provisions of this decretal law. Such committees may be formed from within the Board of Directors, or from outside the Board of Directors. The Board of Directors may also form committees and advisory boards, which include in their membership Persons from outside the Central Bank, and shall determine the remunerations of members of such committees and boards.
- 2) The Board of Directors may delegate some of its powers to the Chairman, to the Governor, or to any committee from within the Board of Directors.
- 3) The Board of Directors may, annually, review the terms of reference and performance of the committees formed in accordance with item (1) of this article, and may take necessary actions to ensure compliance with professional and international standards, codes of conduct and governance.

Article (17)

Higher Shari`ah Authority

- 1) Pursuant to this decretal law, an authority named "Higher Shari`ah Authority" shall be established with a membership not less than five (5) members and not exceeding seven (7) members, of sufficient knowledge and experience in the jurisprudence of Islamic financial transactions.
- 2) The Board of Directors shall issue a decision to form the authority and appoint its members. The decision shall determine the work mechanism of the authority, its functions, and responsibilities of its members and their term of office. This authority shall be affiliated to the Central Bank.
- 3) Licensed Financial Institutions, which carry on the whole or part of their businesses and activities in compliance with Islamic Shari`ah shall bear all expenses of the Authority referred

to in item (1) of this article, including remunerations, allowances and expenses of its members and the mechanism of funding its establishment and continuity of its functioning, as determined by the Board of Directors.

- 4) The Higher Shari`ah Authority shall determine the rules, standards, and general principles applicable to Shari`ah-compliant businesses and Licensed Financial Activities, and shall undertake supervision and oversight of the internal Shari`ah supervisory committees of Licensed Financial Institutions, referred to in Article (79) of this decretal law.
- 5) The Higher Shari`ah Authority shall approve Islamic monetary and financial tools issued and developed by the Central Bank to manage monetary policy operations in the State, and provide its opinion regarding the specific regulatory rules and instructions relating to the operations and activities of Licensed Financial Institutions which conduct the whole or part of their business and activities in accordance with the provisions of Islamic Shari`ah.
- 6) The Fatwas and opinions of the Higher Shari`ah Authority shall be binding on the internal Shari`ah supervisory committees, referred to in Article (79) of this decretal law, as well as on Licensed Financial Institutions which conduct the whole or part of their business and activities in accordance with the provisions of Islamic Shari`ah.
- 7) The Higher Shari`ah Authority may seek assistance of a specialized party, if necessary, to conduct Shari`ah external audit of the business of any Licensed Financial Institution, which carry on the whole or part of their businesses and activities in accordance with the provisions of Islamic Shari`ah, and the conditions and procedures determined by the Authority, at the expense of the concerned institution.

Article (18)

Appointment of Senior Central Bank Executives

The Board of Directors may, upon recommendation of the Governor, appoint senior Central Bank executives, with titles of deputy, assistant governors, or any other titles the Board of Directors deems appropriate. The decision appointing the deputies and assistants shall determine their competences, salaries, and remunerations.

Article (19)

Working Full Time for the Central Bank

- 1) The Governor, his deputies and assistants shall devote their full time to their work at the Central Bank, and none of them may hold any paid or unpaid position, or be a member of the Board of Directors of any of the Regulatory Authorities in the State, or in the Financial Free Zones or the Board of Directors of any Licensed Financial Institution, or enter, directly or indirectly, in any contracts concluded by the Public Sector.
- 2) The prohibition referred to in item (1) of this article shall not apply to assignments entrusted to any of them by the Government in the Public Sector, including representation in

international conferences, or representation of the Public Sector in the various committees, subject to the approval of the Board of Directors.

Article (20)

Remunerations & Entitlements

The Board of Directors shall set up a regulation regarding remunerations of the Governor and his other entitlements, and the remunerations of the Chairman and members of the Board of Directors. A federal decree, in this respect, shall be issued.

Article (21)

Meetings of the Board of Directors

- 1) The Board of Directors shall, upon invitation by the Chairman, hold an ordinary meeting, at least once every sixty (60) days.
- 2) The Chairman of the Board of Directors may call the Board of Directors to convene whenever the need arises.
- 3) The Chairman of the Board of Directors shall convene the Board of Directors upon request of, at least, three (3) members of the Board of Directors.

Article (22)

Meetings Quorum

- 1) Five (5) members of the Board of Directors including the Chairman of the Board of Directors, his deputy, or the Governor, shall constitute quorum for any meeting.
- 2) Decisions of the Board of Directors shall be adopted by a majority vote of the members present. In case of a tie, the Chairman of the session shall have the casting vote.

Section Three: Powers of the Chairman and the Governor

Article (23)

Powers of the Chairman

The Chairman of the Board of Directors shall be the legal representative of the Central Bank and shall sign, on its behalf, all instruments, contracts and documents. The Chairman may delegate some of his powers and competencies to the Governor.

Article (24)

Responsibilities of the Governor

The Governor shall be responsible for the implementation of this decretal law, the regulations of the Central Bank and decisions of the Board of Directors. He may delegate some of his powers and competencies to any of his deputies, assistants, or some senior staff of the Central Bank.

Section Four: Other Provisions

Article (25)

Exemption from Liability

- 1) The Central Bank, members of the Board of Directors, members of committees formed by the Board of Directors, whether from within its membership or from outside, staff of the Central Bank and its duly authorized representatives, shall all be exempt from civil liability towards third parties, in respect of the following:
 - a. Exercise, or failure to exercise, the functions, powers, authorities and businesses of the Central Bank, or their own functions, competencies and powers, authorities, and all related practices;
 - b. Instructions, guidelines, declarations, data, statements and opinions given by them in relation to the practice of the Central Bank's functions, powers, authorities and businesses, or their own functions, competencies, authorities and businesses – unless bad faith, with intent to harm third parties, was established.
- 2) The Central Bank shall bear all charges, costs, expenses, and attorney fees relating to defense of the Persons referred to in item (1) of this article, in lawsuits pertaining to discharge of their functions at the Central Bank.

Article (26)

Confidential Information

- 1) Any member of the Board of Directors, any member of the committees formed by the Board of Directors, any employees or representatives of the Central Bank; any experts, technical personnel, or academics the Central Bank deals with, shall not disclose any information that is confidential, unless such disclosure is consistent with the provisions of item (3) of this article. This prohibition shall remain effective even after the expiry of membership or termination of the service or the function.
- 2) Confidential information shall include all information received by any of the Persons referred to in item (1) of this article, by virtue of their positions, or in the course of discharging their functions, as long as such information were not made available to the public through official or legal means.
- 3) Without prejudice to the provisions of Article (28) of this decretal law, confidential information may be disclosed where such disclosure is permitted, legally enforced, or addressed to authorities and agencies within the State or in other jurisdictions.

Article (27)

Declaration of Conflict of Interest

- 1) A member of the Board of Directors shall, upon his appointment, declare his interests, which may conflict with his membership at the Board of Directors, and whenever a conflict of interest arises. Should any member of the Board of Directors have a personal interest in any contract

or dealing to which the Central Bank is party, such member must declare those interest prior to the discussion of the subject; withdraw from the meeting when such dealing or contract is discussed, and should not participate in voting pertaining thereto, in accordance with the code of conduct and governance rules issued by the Board of Directors.

- 2) Every employee or representative of the Central Bank shall disclose to his manager, or his immediate superior, any interest which may be in conflict with the discharge of his functions, and he may not participate in exchange of opinions, and decisions or measures, taken in this regard.
- 3) The Board of Directors shall establish codes of conduct for employees and representatives of the Central Bank, as well as disclosure procedures, compliance, and governance.

Article (28)

Cooperation with Local & International Authorities

- 1) The Central Bank may, within the scope of its jurisdiction and in accordance with the Law, cooperate with the concerned regulatory authorities in other countries, and with international institutions, in providing assistance and exchanging information, subject to the following:
 - a. The request is made on basis of reciprocity.
 - b. The request does not contravene any of the State's established laws and regulations.
 - c. The request is serious and important.
 - d. The request is not in conflict with the public interest and public order requirements.
- 2) The Central Bank shall, in coordination and collaboration with the concerned regulatory authorities, within applicable laws, exercise its powers on Licensed Financial Institutions operating outside the State or in Financial Free Zones.

Article (29)

Engagement of Experts, Technical Personnel & Academics

The Central Bank may seek assistance of experts, technical personnel and academics, determine their remunerations and entitlements. The Board of Directors may also invite to its meetings whomever it may wish to hear their opinion on a specific issue, and such invitee to the meeting shall have no counted vote in deliberations.

Article (30)

Publication of Draft Rules & Regulations

- 1) The Central Bank may publish the draft regulations and rules it intends to issue in relation to organization of businesses of Licensed Financial Institutions and Licensed Financial Activities, for their feedback, via a public notice to the concerned parties.
- 2) The Central Bank may invite concerned parties to provide their feedback on the draft rules and regulations referred to in item (1) of this article, within the period prescribed by the Central Bank.

- 3) The Central Bank may decide not to publish the draft regulations referred to in item (1) of this article, if it deems such publication contrary to public interest, or to the achievement of the Central Bank's objectives and discharge of its functions.

Article (31)

Objectives of Monetary Policy

- 1) Monetary policy shall be aimed at maintaining soundness and stability of the monetary system in the State, in order to ensure stability and required confidence in the national economy.
- 2) The Central Bank shall determine monetary tools and operational means for achievement of monetary policy objectives, including policies relating to management of the exchange rate of the national Currency and money markets in the State.
- 3) The Central Bank shall, on basis of a proposal by the Board of Directors and approval of the Cabinet, determine the national Currency's exchange rate regime.
- 4) The Central Bank may, for operational purposes, take necessary measures to manage and control the official exchange rate of the national Currency, as per the guidelines set by the Board of Directors.

Article (32)

Reserve Requirements

- 1) The Central Bank may, in line with monetary policy objectives and the current and forecasted status of liquidity, determine and keep with it, minimum Reserve Requirements for each type of deposits, or on total of deposits held with deposit-taking Licensed Financial Institutions. The Board of Directors shall determine the manner in which ratio of the Reserve Requirements is calculated, as it deems appropriate.
- 2) The Central Bank shall specify all operational arrangements related to the maintenance of the Reserve Requirements referred to in item (1) of this article.

Article (33)

Credit Conditions Surveillance

The Central Bank may set regulations which determine limits of credit facilities extended by Licensed Financial Institutions to their customers, compared to the total of their stable resources or to the total of deposits of their customers. Such limits may be prescribed for a specific Licensed Financial Institution or for all Licensed Financial Institutions.

Article (34)

Coordination between Monetary & Fiscal Policies

The Central Bank and the Ministry shall establish a mechanism for coordinating monetary policy and fiscal policy for the purpose of achieving balanced growth in the national economy. Such coordination shall take place before the beginning of each financial year, and whenever necessary,

and shall be in respect of volume of government expenditure, the Government's debt, and debts of governments of emirates members of the Union, along with debts of Government Related Entities, companies and institutions which they own, hold shares in, or manage, and their plans regarding domestic and foreign public debt.

Article (35)

Designating Systemically Important Licensed Financial Institutions

The Central Bank shall solely have the authority to designate any Licensed Financial Institution as systemically important. For such purpose, the Central Bank may require the designated Licensed Financial Institution to take required measures and procedures.

Article (36)

Domestic Market Statistics

- 1) The Public Sector and other agencies as the Board of Directors deems necessary, shall provide the Central Bank with all the information and statistics it requires for the purpose of performing its functions under the provisions of this decretal law. Such information and statistics shall include all monetary and economic statistics, as well as balance of payments statistics and consumer prices. The Central Bank may publish the statistics it deems appropriate, in whole or in part.
- 2) The Central Bank shall obtain the approval of other Regulatory Authorities in the State regarding provision and/or publication of non-public information and statistics in relation to institutions under the supervision of those authorities.

Article (37)

Research

- 1) The Central Bank may conduct research and analyses in areas of macro-economy, conduct of monetary policy, and banking and financial operations, as deemed of strategic importance to the State economy.
- 2) The Central Bank shall publish and issue regular statistical reports, quarterly and annual reviews of the Central Bank, policy briefs and working papers that contain analyses of the relevant data to inform policy decisions, as deemed appropriate.

Chapter Five: Central Bank Operations

Section One: Operations with the Public Sector

Article (38)

Advisor to the Government

The Central Bank shall advise the Government on matters falling within its jurisdiction, and shall provide its opinion on monetary, banking, and financial affairs as requested by the Government.

Article (39)

Financial Agent for the Government

- 1) The Central Bank shall participate in negotiations relating to the Government's international monetary and financial agreements, and it may be assigned implementation of provisions of such agreements.
- 2) The Central Bank may, directly or through Primary Dealers, sell and manage securities issued or secured by the Government or governments of emirates members of the Union, in accordance with an agreement with the concerned government.

Article (40)

Bank for the Government

- 1) For the purposes of achieving objectives of its monetary policy, and in order to provide for the Government and governments of emirates members of the Union with their needs for national Currency and/or foreign currencies, the Central Bank shall buy or sell foreign currencies to the concerned government, at prevailing exchange rates.
- 2) The Central Bank shall conduct banking operations and services for the Government, whether in the State or in other jurisdictions, against fees. The Central Bank may also perform banking operations and services for governments of member emirates of the Union, against fees.
- 3) The Government and governments of emirates members of the Union, shall open accounts in national Currency and foreign currencies with the Central Bank, and conduct transfers through such accounts.
- 4) Government funds in national Currency or foreign currencies shall be deposited with the Central Bank, and the latter shall pay or charge interest thereon in view of the prevailing market rates. Governments of emirates members of the Union may also deposit funds in national Currency or foreign currencies with the Central Bank, on which the latter shall pay or charge interest thereon in view of the prevailing market rates.
- 5) Public Sector entities, other than the Government, and governments of emirates members of the Union, may deposit their funds in national Currency or foreign currencies with the Central Bank. The Central Bank shall pay or charge interest thereon as determined by the Central Bank.
- 6) The Central Bank may grant advances or other credit facilities to the Government, at interest rates set in accordance with the terms and conditions of the agreement signed between the Central Bank and the Ministry in this regard, provided such advances and credit facilities are for the purpose of covering a temporary, unforeseen deficit in Government revenues, compared to its expenses. The Government may not relend or grant such advances to any other party. Granted advances shall at no time exceed ten percent (10%) of the government's average revenues realized in the budgets of the last three (3) years. The Government shall repay these advances within a period not exceeding one (1) year from date of granting thereof. In case advances were not repaid at the specified date, the outstanding balance should be

subject to an interest charge, as specified in the agreement signed between the Central Bank and the Ministry.

- 7) The Central Bank may subscribe to securities and debt instruments issued by the Government for maturities exceeding one (1) year, only in cases designated by the Board of Directors. The Government shall repay the amounts due, including interest, on maturity dates. In case of late or early payment an interest charge shall be imposed, as specified in the debt agreement.

Article (41)

Investment & Deployment of Government Funds

Apart from the funds deposited with the Central Bank in accordance with the provisions of Article (40) of this decretal law, the Central Bank may not interfere in the investment and deployment of Government funds or funds of governments of emirates, members of Union, unless it has been assigned to do so per the agreement concluded between the concerned government and the Central Bank.

Section Two: Operations with Financial Institutions, Monetary Authorities, and other Central Banks

Article (42)

Opening of Accounts

- 1) The Central Bank may open the following accounts:
 - a. National Currency or foreign currencies accounts for Licensed Financial Institutions, and accept deposits from them. The Central Bank shall pay or charge agreed interest on such deposits.
 - b. Accounts for monetary authorities, other Central Banks, foreign banks, international financial and monetary institutions, as well as Arab and international monetary funds. The Central Bank may pay or charge interest on such accounts, and act as agent or correspondent for these parties.
- 2) The Central Bank may open accounts with monetary authorities, Central Banks, foreign banks or international financial and monetary institutions, as well as Arab and international monetary funds.

Article (43)

Money & Capital Markets Operations

The Central Bank may conduct the following money and capital markets operations:

- 1) Purchase, re-purchase, sell, and accept and place deposits of gold bullion or coins and precious metals.
- 2) Accept and place monetary deposits and pay or charge interest thereon, subject to the provisions of Article (62) of this decretal law.
- 3) Issue bills payable upon demand and other types of payable financial transfers, at its head office, branches, and offices of its agents or correspondents.

- 4) Conduct all foreign currency operations and external transfer operations with the Government, governments of emirates members of the Union, public entities, local and foreign banks, licensed Exchange Establishments, other monetary authorities and Central Banks, and other Arab and international financial institutions and funds.
- 5) Issue securities in the name of the Central Bank, and sell and re-purchase, discount and rediscount, redeem such securities for the purposes of managing monetary policy operations.
- 6) Purchase, re-purchase, sell, discount and rediscount Eligible Securities and other securities related to the management of its Own Funds and/or Foreign Reserves as per established terms and conditions.
- 7) Purchase, re-purchase, and sell Shari`ah-compliant commodities and securities, in order to develop liquidity management instruments for Islamic Licensed Financial Institutions.
- 8) Grant collateralized loans, advances, other credit facilities, and Shari`ah-compliant funding facilities to Licensed Financial Institutions, for the purpose of managing monetary policy operations, in accordance with the terms and conditions the Central Bank deems appropriate and determines from time to time.
- 9) Grant collateralized loans and advances to monetary authorities, Central Banks, foreign banks, and international financial institutions, and obtain loans and advances therefrom, provided there is consistency of such operations with the Central Bank's functions and jurisdictions. Interest or commission may be paid or charged for this purpose.
- 10) Obtain, guarantee or secure loans and advances or issue credit, in any currency inside the State or in other jurisdictions, in accordance with the terms and conditions the Central Bank deems appropriate for the purpose of conducting its own business.
- 11) Conduct all other operations deemed conducive to the achievement of Central Bank's objectives.

Article (44)

Protection of Deposit-Taking Licensed Financial Institutions

The Central Bank shall take all necessary measures to ensure proper and effective conduct of operations of deposit-taking Licensed Financial Institutions, within the frameworks and limits set by the Board of Directors.

Article (45)

Appointment of Primary Dealers

- 1) The Central Bank shall set-up rules to regulate securities issued by the Central Bank or the Government in coordination with the various stakeholders. Such rules shall include all aspects of these securities issuance, custody, trading in the State.
- 2) The Central Bank may appoint Primary Dealers for securities issued inside the State by the Central Bank or the Public Sector, in accordance with the terms and conditions set by the Central Bank.

- 3) For the purpose of listing securities issued by the Public Sector in the State's financial markets, the Central Bank shall appoint Primary Dealers approved by it and whom comply with the requirement of the concerned regulator.

Section Three: Investment of Central Bank's Foreign Reserves & Own Funds

Article (46)

Foreign Reserves

The Central Bank may, in accordance with the instructions and rules stipulated in the investment policy and guidelines approved by the Board of Directors, invest its Foreign Reserves in all or any of the following instruments:

- 1) Gold bullions, gold coins and other precious metals.
- 2) Currency notes and coins, call money, and placements in foreign countries.
- 3) Securities issued or secured by governments of foreign countries and related entities, or by international monetary and financial institutions.
- 4) Derivatives and other financial instruments required for the management of Central Bank's exposure to interest rates, currencies, credit, gold, and other precious metals.
- 5) Any other financial assets the Central Bank deems appropriate for investment as foreign assets, subject to approval of the Board of Directors.

Article (47)

Own Funds

The Central Bank may, in accordance with the investment policy and guidelines set by the Board of Directors, deploy or invest part of its Own Funds in the following:

- 1) Purchase and sell securities, and subscribe to loans issued or guaranteed by the Public Sector, or buy shares in any entity wherein the Government or governments of emirates members of the Union hold shares, or is granted a concession in the State.
- 2) Invest in projects, investment funds and financial institutions not licensed by the Central Bank.
- 3) Acquire real estate, equity and movable properties allocated for conduct of its business and all related matters.

Article (48)

Appointment of External Parties to Manage Foreign Reserves & Own Funds

The Central Bank may appoint external parties to manage its Foreign Reserves and Own Funds, in accordance with the investment policy and guidelines set by the Board of Directors.

Chapter Six: Miscellaneous Provisions

Article (49)

Establishment of Companies and Commercial or Financial Institutions

The Central Bank may, for the purpose of achieving its objectives and discharging its functions, as per provisions of Article 4 of this decretal law, establish, or partner with any other agency in establishing companies and commercial or financial institutions, or for any specific purpose, inside the State or in other jurisdictions, and may carry on any commercial activity, own moveable and immoveable property, as per the regulations issued by the Board of Directors.

Article (50)

Privilege & Guarantee of Own Rights

- 1) Debts of the Central Bank shall enjoy the privilege Government debts have, over property of its debtors. The Central Bank's debts shall be collected in the same manner and by the same means prescribed for collection of the Government debts and property.
- 2) Save for the Reserve Requirements referred to in Article (32) hereof, the Central Bank shall have privilege over the property of Licensed Financial Institutions for payment of all its claims and dues of cash balances or assets which constitute guarantees for these claims and dues, upon maturity thereof.
- 3) The Central Bank may purchase, by agreement or by forced sale, or acquire immovable property in settlement of its debts. Such property must be sold within the shortest possible period of time, unless the Central Bank decided to use it for the conduct of its business, in accordance with this decretal law.
- 4) The Central Bank may accept, by way of mortgage, pledge or assignment, real estate and movable property, as collateral for payment of its rights.
- 5) In case its secured rights were not paid upon maturity thereof, the Central Bank may, after ten (10) days from the date its debtor was duly notified, proceed with sale of any pledged assets, without prejudice to Central Bank's right to initiate other legal proceedings against the debtor, until its secured rights were fully paid.
- 6) Sale of pledged property pursuant to provisions of item (5) of this article shall be carried out by the competent court upon request of the Central Bank.
- 7) The Central Bank shall collect its dues from proceeds of the sale carried out pursuant to provisions of item (6) of this article. Should such proceeds exceed the Central Bank's dues; the surplus shall be deposited with the Central Bank, at the debtor's disposal, without paying any interest.

Article (51)

Financial Exemptions

- 1) The Central Bank shall be exempt from the following:
 - a. Taxes, fees, and payments relating to its capital, reserves, Currency issue, or income.

- b. Taxes, fees, and payments relating to its contribution, shares, or profits originating from companies and establishments it owns part of its capital.
- 2) The Central Bank and the companies and establishments it owns the majority of its shares shall be exempt from Court fees and bail bonds required by law.

Article (52)

Guardianship of Premises & Safe Transport of Funds and Valuables

The Government shall provide guardianship for the Central Bank's premises, and the security escort needed for the safe transport of funds and valuables, free of charge.

Article (53)

Dissolution of the Central Bank

The Central Bank shall not be dissolved except by a law specifying the manner and timing of its liquidation.

PART II
– CURRENCY –

Chapter One: Currency Unit & Issuance

Article (54)

Currency Unit

The official Currency of the State “The Dirham” shall be referred as (د.ه.ا) in Arabic letters and as (AED) in Latin letters and is subdivided into one hundred (100) fills.

Article (55)

Currency Issuance

- 1) Issuance of Currency shall be the exclusive right of the State. This right shall be exercised solely and exclusively by the Central Bank.
- 2) No Person shall issue or put into circulation Currency notes, Currency coins, or any instrument or token payable to bearer on demand having the appearance of, or purporting to be, or are likely to pass as, or be confused with legal tender in the State or in any other country.

Article (56)

Currency Legal Tender

- 1) Currency notes issued by the Central Bank shall be legal tender for payment of any amount up to their full face value.
- 2) Currency coins issued by the Central Bank shall be legal tender in the State for payment of any amount with its full face value, and not exceeding fifty (50) Dirhams. Nevertheless, should such Currency coins be presented to the Central Bank, the latter must accept them without any limitation to its quantity.

Article (57)

Currency Specifications, Features & Denominations

- 1) Currency notes issued by the Central Bank shall be of such denominations, designs, and specifications, and bear such features as shall be decided by the Minister upon the proposal of the Board of Directors. Currency notes shall bear the signature of the Minister and the Chairman of the Board of Directors.
- 2) The Minister shall, upon proposal of the Board of Directors, determine the weight, composition, mix ratios, allowed variation, and all other specifications of Currency coins as well as the quantities of each denomination to be minted.
- 3) The Central Bank shall make necessary arrangements for printing of Currency notes referred to in item (1) of this article, and minting of Currency coins referred to in item (2) of this article, along with all matters relating to such printing, minting and safekeeping of such Currency notes and coins and the relative plates and dies.

- 4) The Central Bank shall publish decisions to issue Currency by the specifications, designs and all other features, in the Official Gazette.

Article (58)

Gold & Silver Coins and Commemorative Coins

- 1) The Board of Directors shall determine conditions for sale and purchase of gold and silver coins at the Central Bank.
- 2) The Central Bank may issue commemorative Currency notes or coins for any wishing party, in accordance with the rules and conditions set by the Board of Directors.
- 3) The Minister shall, upon proposal of the Board of Directors, determine the denominations, fineness, and weights, measurements, allowed variation, and all other specifications of gold and silver coins, as well as the quantities of each denomination to be minted.
- 4) The Central Bank shall make necessary arrangements for minting of gold and silver coins referred to in this article, along with all matters relating to such minting and safekeeping of such coins and the relative plates and dies.

Chapter Two: Currency Circulation and Withdrawal

Article (59)

Currency Notes

- 1) New Currency notes shall be put in circulation by a Board of Directors decision specifying their denominations and quantities. Such decision shall be published in the Official Gazette and communicated to the public through appropriate media.
- 2) The Board of Directors may, after approval of the Cabinet, withdraw from circulation any denomination of Currency notes against payment of their face value. Such decision shall be published in the Official Gazette and communicated to the public through appropriate media.
- 3) The withdrawal decision shall specify the time limit allowed for exchange, which shall not be less than three (3) months from date of publication of the decision in the Official Gazette. Such time limit may, if necessary, be reduced to fifteen (15) days.
- 4) Currency notes not presented for exchange prior to expiry of the time limit stated in item (3) of this article shall cease to be legal tender and may not be negotiated. However, holders of such Currency notes shall have the right to redeem them, at face value, at the Central Bank, within ten (10) years from the effective date of the withdrawal decision. Currency notes not exchanged upon expiry of said ten-year period must be taken out of circulation and their value shall be credited to Central Bank account.
- 5) The Central Bank shall, in pursuance to the provision of item (4) of this article, destroy the Currency notes withdrawn from circulation in accordance with the instructions issued by the Central Bank in this respect.
- 6) The Central Bank shall be under no obligation to refund the value of any lost or stolen Currency notes, or to accept or pay for counterfeit Currency notes.

- 7) The Central Bank shall pay value of torn, mutilated or imperfect Currency notes, which satisfy the requirements to be prescribed by the Central Bank in this regard. Currency notes not satisfying those requirements shall be withdrawn from circulation without any compensation to bearers.

Article (60)
Currency Coins

- 1) Currency coins of various denominations shall be put into circulation by a Board of Directors decision specifying their respective quantities. This decision shall be published in the Official Gazette and communicated to the public through appropriate media.
- 2) Any denomination of the Currency coins referred to in item (1) of this article may be withdrawn, by a decision of the Board of Directors, against payment of their face value. Such decision shall be published in the Official Gazette and communicated to the public through appropriate media.
- 3) The withdrawal decision shall specify the time limit for exchange, which shall not be less than six (6) months from date of publication of the decision in the Official Gazette.
- 4) Currency coins not exchanged prior to expiry of the period referred to in item (3) of this article shall cease to be legal tender and may not be negotiated and must be taken out of circulation and their value shall be credited to a special Central Bank account.
- 5) Should Currency coins lose their features, become deformed, diminished or changed in shape for any reason other than normal use, the Central Bank must withdraw such coins from circulation without compensating their holders.

Article (61)
Currency Mutilation, Destruction & Shredding

No Person is permitted to mutilate/deform, destroy or shred Currency, in whichever manner. The Board of Directors shall issue regulations on replacement of mutilated, destroyed or shredded Currency.

Chapter Three: Monetary Base

Article (62)
Monetary Base Cover

The Central Bank shall, at all times, hold reserves of foreign assets, to cover the Monetary Base, in accordance with provisions of Article (63) of this decretal law. Such reserves of foreign assets shall consist of one or more than one of the following items:

- 1) Gold bullion and other precious metals.
- 2) Cash, deposits and other monetary and payment instruments denominated in foreign currencies, freely convertible in global financial markets.

- 3) Securities denominated in foreign currencies and issued or guaranteed by foreign governments and their related companies, entities, institutions, and agencies, or by international monetary and financial institutions, or by multinational corporations, and are tradable in global financial markets.

Article (63)

Foreign Reserves for the Monetary Base Cover

- 1) The market value of balance of the Foreign Reserves referred to in Article (62) of this decretal law, shall not, at any time, be less than seventy percent (70%) of the value of the Monetary Base.
- 2) The Board of Directors may reduce the Monetary Base cover ratio, referred to in item (1) of this article for a period not exceeding twelve (12) months.

PART III
– ORGANIZATION OF LICENSED FINANCIAL INSTITUTIONS & ACTIVITIES –

Chapter One: General Provisions

Article (64)

Prohibition of Carrying on or Promoting Financial Activities Without a License

- 1) Licensed Financial Activities may only be carried on, in or from within the State, in accordance with the provisions of this decretal law, and the rules and regulations issued in implementation thereof.
- 2) Promotion of any of the Licensed Financial Activities and financial products may only be carried on in or from within the State, in accordance with the provisions of this decretal law, and the rules and regulations issued in implementation thereof. The promotion referred to in this item shall mean any form of communication, by any means, aimed at inviting or offering to enter into any transaction, or offering to conclude any agreement related to any of the Licensed Financial Activities.
- 3) The Board of Directors may issue the rules, regulations, standards and directives relating to the prohibition to carry on Licensed Financial Activities without prior licensing and to the prohibition to promote Licensed Financial Activities and financial products, and shall take all necessary measures and actions in this regard.
- 4) The Board of Directors may exempt any activities or practices, or exempt natural or juridical persons, either generally or in particular, from the prohibition to carry on or promote Licensed Financial Activities.

Chapter Two: Licensing

Section One: Licensed Financial Activities

Article (65)

Financial Activities

- 1) The following activities shall be considered financial activities subject to Central Bank licensing and supervision in accordance with the provisions of this decretal law:
 - a. Taking deposits of all types, including Shari`ah-compliant deposits.
 - b. Providing credit facilities of all types.
 - c. Providing funding facilities of all types, including Shari`ah-complaint funding facilities.
 - d. Providing currency exchange and money transfer services.
 - e. Providing monetary intermediating services.
 - f. Providing stored values services, electronic retail payments and digital money services.
 - g. Providing virtual banking services.
 - h. Arranging and/or marketing for Licensed Financial Activities.
 - i. Acting as a principle in financial products that affect the financial position of the Licensed Financial Institution, including but not limited to foreign exchange, financial derivatives,

bonds and sukuk, equities, commodities, and any other financial products approved by the Central Bank.

- 2) The Board of Directors shall:
 - a. Classify and define Licensed Financial Activities and the practices relating thereto.
 - b. Add activities or practices to the list of Licensed Financial Activities mentioned in item (1) of this article, or delete activities or practices from the list, or amend them, following coordination and agreement with the Regulatory Authorities in the State, through the Financial Activities Committee referred to in Article (66) of this decretal law.
- 3) In case a Licensed Financial Institution wishes to carry on activities licensed by Regulatory Authorities in the State or the regulatory authorities in other jurisdictions, other than the activities referred to in item (1) of this article, such institution must obtain approval of the Central Bank, prior to obtaining licensing from the concerned regulatory authority.

Article (66)

Financial Activities Committee

- 1) A technical committee named the 'Financial Activities Committee' shall be established in the Ministry by a Cabinet resolution, chaired by the Ministry and include in its membership a representative of each of the Regulatory Authority in the State. The mentioned committee shall look into and provide opinion on any proposal to regulate a financial activity other than those mentioned in the laws of regulatory authorities. The resolution shall specify the committee's terms of reference and the mechanism for discharge of its functions.
- 2) The approval of the concerned regulatory authority shall be obtained in case the financial activities committee suggest adding a specific financial activity not mentioned in its law to the list of activities under its licensing and regulation.

Section Two: Licensing of Financial Institutions

Article (67)

Application for Licensing

- 1) Any Person may, in accordance with the regulations issued by the Board of Directors, submit to the Central Bank an application for a license to carry on one or more Licensed Financial Activities or addition of one or more Licensed Financial Activities to an issued license.
- 2) The Board of Directors shall issue rules, regulations and standards, and determine conditions for granting license to carry on Licensed Financial Activities, including the following:
 - a. Fit and proper criteria.
 - b. Resources required for carrying on the activity.
 - c. Control and monitoring systems.
- 3) The Board of Directors may add any requirements or conditions to be fulfilled by the applicant for license, at its own discretion and as it deems appropriate for safeguarding public interest.

Article (68)

Compliance with Scope of the License

- 1) A licensed financial institution must carry on its business within the scope of the license granted to it.
- 2) No Person may represent that it is a Licensed Financial Institution, if such is not the case.

Article (69)

Deciding on Licensing Application or Extension of License Scope

- 1) Deciding on licensing application or extension thereof shall be within a period not exceeding sixty (60) working days from date of meeting all conditions and requirements for licensing. The lapse of this period without decision on the application shall be considered an implicit rejection thereof.
- 2) The Board of Directors may reject an application for a license, or an application to add any financial activity based on the capacity of the financial sector in the State and the needs of the local market.
- 3) The Board of Directors may, before issuing the rejection decision, request the applicant to fulfill licensing requirements and conditions within such period as specified by the Board of Directors.
- 4) The applicant shall be notified, officially, of the reasoned rejection decision within a period not exceeding twenty (20) working days from date of its issue. Such notice shall include the following:
 - a. Content of the rejection decision.
 - b. Reasons for rejection.
 - c. A statement advising the applicant of his right to submit a grievance against the rejection decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Article (70)

Imposing Conditions and Restrictions on a License

- 1) The Board of Directors may impose conditions or restrictions, or otherwise change or cancel conditions or restrictions imposed on a license for carrying on Licensed Financial Activities.
- 2) The Board of Directors may, before issuing the decision mentioned in item (1) of this article, request the concerned financial institution to provide its opinion on the reasons for the decision, within such period as specified.
- 3) The licensed financial institution shall be notified, officially, of the reasoned decision within a period not exceeding twenty (20) working days from date of its issue. The notice shall include the following:
 - a. Content of the decision.
 - b. Reasons for the decision.

- c. Effective date of the decision.
- d. A statement advising the licensed financial institution of its right to submit a grievance against the decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Article (71)

Suspension, Withdrawal, or Revocation of License

- 1) The Board of Directors may suspend, withdraw, or revoke a license issued to a Licensed Financial Institution, in the following cases:
 - a. If the Licensed Financial Institution ceased to meet, or breached one or more of the conditions or restrictions imposed on the license.
 - b. If the Licensed Financial Institution breached any of the State's established laws and regulations, or the regulations, rules, standards, instructions, and guidelines issued by the Central Bank.
 - c. If the Licensed Financial Institution failed to take any measures or actions determined or prescribed by the Central Bank.
 - d. If the Licensed Financial Institution ceased to carry on one or more of the Licensed Financial Activities, for a period exceeding one year.
 - e. If the business or operations were ceased for a period exceeding one year.
 - f. If the Central Bank considered, at its own discretion, that the full or partial withdrawal, revocation, or suspension of the license, was necessary for achieving its objectives and discharging its functions.
 - g. If the concerned Licensed Financial Institution submitted an application for full or partial suspension or revocation of the license.
 - h. If the Licensed Financial Institution's liquidity or solvency was at risk.
 - i. If the capital of the Licensed Financial Institution fell below the minimum required in accordance with the provisions of this decretal law, or the regulations, rules, or standards issued by the Central Bank.
 - j. If the Licensed Financial Institution merged with another financial institution.
 - k. If the Licensed Financial Institution was declared bankrupt.
 - l. If the Licensed Financial Institution's officers, employees, or representatives refused to cooperate with Central Bank officers, representatives, or examiners or abstained from providing required information, statements, documents, or records.
 - m. If the license of a foreign Licensed Financial Institution was revoked, or if it was put under liquidation at its domicile, or if the businesses of its branch, companies or Representative Offices in the State were wound down.
- 2) The Licensed Financial Institution shall be notified, officially, of the reasoned withdrawal, cancellation or suspension decision within a period not exceeding twenty (20) working days from date of its issue. The notice shall include the following:

- a. Content of the decision.
 - b. Reasons for the decision.
 - c. Effective date of the decision.
 - d. A statement advising the Licensed Financial Institution of its right to submit a grievance against the decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.
- 3) The decision issued by the Central Bank shall, following decision on the grievance or appeal, if presented to the Grievances & Appeals Committee, or expiry of the period specified in item (2) of this article, be published in two local newspapers, one in Arabic and another in English, and on the Central Bank's official website. Such decision may also be announced by any other means if necessary.

Article (72)

Use of Term "Bank" or "Masraf"

- 1) Entities other than Banks licensed in accordance with the provisions of this decretal law may not use, in their business addresses or advertisements, the expressions "Bank", "Masraf" or any other expression derived therefrom or similar thereto, in any language, and in any way which may mislead the public as to the nature of its business.
- 2) The following entities shall be not be subject to the provisions of item (1) of this article:
 - a. Monetary authorities and Central Banks.
 - b. Any federation or association established for protection of Banks' interests.
 - c. Any other institution exempted by the Board of Director.

Article (73)

Entry to the Register

- 1) An electronic register named "Register of Licensed Financial Institutions" shall be created in the Central Bank, to which names of Licensed Financial Institutions and all their data and any amendments thereto, shall be entered. A decision setting the rules and conditions for entry to such register shall be issued by the Board of Directors. Decision to license such institutions and any amendments thereto, shall be published in the Official Gazette. This register shall be published on the Central Bank's official website.
- 2) A Licensed Financial Institution may not commence any Licensed Financial Activity except after its name was entered to the register.
- 3) Proceeds of licensing and entry to the register fees shall be deposited in a special account with the Central Bank. A decision shall be issued by the Board of Directors organizing operation of the account, and setting rules for withdrawing funds from it.

Article (74)

Legal Form

- 1) Banks shall take the form of public joint- stock companies, with incorporating law or decree so permits. Branches of foreign banks operating in the State shall be exempt from this requirement.
- 2) Other Financial Institutions may take the form of joint- stock companies or limited liability companies, in accordance with the rules and conditions issued by the Board of Directors.
- 3) Exchange Houses and monetary intermediaries may be a sole proprietorship, or take any other legal form in accordance with the rules and conditions issued by the Board of Directors.

Article (75)

Minimum Capital Requirements

The Board of Directors shall establish regulations on the minimum capital requirement for Licensed Financial Institutions, and conditions and instances of increase or decrease of capital, and shall determine its risk-based requirements, and the necessary actions to be taken in case of capital shortfall, in addition to the measures taken by the Central Bank in this regard.

Article (76)

Shareholding & Ownership in Licensed Financial Institutions

- 1) Without prejudice to the financial and commercial activities restricted to UAE nationals prescribed in any other law, the Board of Directors shall determine the conditions and controls for ownership of shares of Banks incorporated in the State and shareholdings contribution in their capital, and in all cases the national shareholding must not be less than sixty percent (60%).
- 2) The Board of Directors may determine the conditions, controls for percentage of ownership of shares and shareholdings contribution in the capital of Other Financial Institutions incorporated in the State by nationals and foreigners.

Article (77)

Amendment of the Memorandum & Articles of Association

- 1) Licensed Financial Institutions shall seek Central Bank approval for amendments to their memorandum or articles of association. Such amendments shall only take effect after they were entered into the register.
- 2) The Central Bank shall decide on the application. Should the Central Bank decided to reject the application to enter the amendment, the matter shall be presented to the Board of Directors whose decision in that respect shall be final.

Section Three: Provisions For Islamic Licensed Financial Institutions

Article (78)

Scope of Activity

- 1) Licensed Financial Institutions that carry on all or part of their activities and businesses in accordance with the provisions of Islamic Shari`ah may carry on the Licensed Financial Activities mentioned in article (65) of this decretal law, whether for their account or for the account of or in partnership with third parties, provided such activities and businesses are Shari`ah-compliant. The Board of Directors shall issue regulations specifying the activities, conditions, rules, and operating standards for these institutions, in a manner commensurable with the nature of the license granted to them.
- 2) Licensed Financial Institutions mentioned in item (1) of this article shall, in respect of their Shari`ah-compliant businesses and activities initiated on behalf of their customers and not for their own account, be exempted from:
 - a. Provisions of item (1) of article (93) of this decretal law.
 - b. Provisions of item (2) of article (93) of this decretal law, insofar as such exemption does not contradict the provisions of local legislations applicable in the relevant emirate member of the Union.

Article (79)

Internal Shari`ah Supervision

- 1) An independent committee named "Internal Shari`ah Supervision Committee" shall be established within each Licensed Financial Institution that carries on all or part of its activities and businesses in accordance with the provisions of Islamic Shari`ah. Membership of this committee shall consist of experienced specialists in Islamic financial and banking transactions jurisprudence. The said committee shall undertake Shari`ah supervision of all businesses, activities, products, services, contracts, documents, and conduct of business charters of the concerned institution and shall approve them and establish their respective Shari`ah requirements, within the framework of the rules, principles and standards set by the Higher Shari`ah Authority, in order to ensure compliance thereof with Shari`ah. Fatwas or opinions issued by the Committee shall be binding.
- 2) The Internal Shari`ah Supervision Committee shall be appointed by the general assembly of the concerned Licensed Financial Institution, in accordance with the provisions of the referenced Commercial Companies law. Names of members of the Internal Shari`ah Supervision Committee shall be presented to the Higher Shari`ah Authority for approval, prior to presentation thereof to the general assembly and issuance of decision approving their appointment.
- 3) Members of the Internal Shari`ah Supervision Committee are prohibited from holding any executive position in the institution referred to in item (1) of this article, or provide services to it outside of the scope of the committee's assigned functions, nor hold shares or have for

themselves or for any of their relatives up to the second degree, any interests associated with it.

- 4) In cases where disagreement arises, over a Shari`ah opinion, between members of the Internal Shari`ah Supervision Committee, or disagreement between the Internal Shari`ah Committee and the Board of Directors of the concerned financial institution, over the compliance or non-compliance of a particular matter with the provisions of Shari`ah, the disagreement shall be referred to the Higher Shari`ah Authority, whose opinion on the matter shall be final.
- 5) There shall be established, in each institution referred to in item (1) of this article, a division or internal section, of a size commensurable with the businesses and activities of the concerned institution, to undertake internal Shari`ah audit and monitor compliance of the concerned institution with the fatwas and opinions of the Internal Shari`ah Supervision Committee. Such division or section shall report to the Board of Directors of the concerned institution, and its employees shall not have any executive powers or any responsibilities towards the businesses, activities and contracts which they review or audit from a Shari`ah perspective. The said division/ section shall be headed by a Shari`ah controller appointed by the Board of Directors of the concerned institution.

Article (80)

Report of the Internal Shari`ah Supervision Committee

- 1) The Internal Shari`ah Supervision Committee shall prepare an annual report to be presented to the general assembly of the Licensed Financial Institution, which carries on all or part of its activities and businesses in accordance with Islamic Shari`ah. The report shall take the form specified by the Higher Shari`ah Authority, and shall indicate the extent of compliance of management of the concerned institution, with the provisions of Islamic Shari`ah, in all its activities, businesses, offered products, contracts entered into, and used documentation. The said report shall include the following:
 - a. A statement on the extent of independence of the Internal Shari`ah Supervision Committee in discharge of its functions.
 - b. A statement on compliance of policies, accounting standards, financial products and services, operations and activities in general, together with the memorandum, articles of association, and financial statements of the relevant institution, with the provisions of Islamic Shari`ah during the ending financial year.
 - c. A statement on the compliance of distribution of profits, bearing of losses, costs, and expenses among the shareholders and investment account holders, with the fatwas and opinions of the Internal Shari`ah Supervision Committee.
 - d. A statement on any other breaches to Shari`ah provisions and the controls established by the Higher Shari`ah Authority.
- 2) The Internal Shari`ah Supervision Committee shall provide the Higher Shari`ah Authority with copy of its report, no later than two (2) months from end of the financial year, in order for the

Authority to express its remarks prior to the meeting of the general assembly of the concerned institution.

Article (81)

State Audit Supervision

Where a Licensed Financial Institution, which exercises all or part of its business and activities in accordance with Islamic Shari`ah, is subject to the supervision of the State Audit Institution, pursuant to the referenced Re-organization of the State Audit Institution law, the function of the audit institution shall be restricted to post- audit, and shall not interfere in the conduct of business or policies of these institutions.

Article (82)

Contravention of Islamic Shari`ah Provisions

Where it is established that a financial institution, which carries on all or part of its businesses and activities in accordance with the provisions of Islamic Shari`ah, has conducted businesses that are not compliant with such provisions, as per fatwas and opinions of the Internal Shari`ah Supervision Committee, and the fatwas and opinions of the Higher Shari`ah Authority, the Central Bank shall inform the concerned institution accordingly, after consulting with the Higher Shari`ah Authority, and shall ask the institution to reconcile its position, under the supervision of the Internal Shari`ah Supervision Committee, within thirty (30) working days from date of notification. The Central Bank shall take the appropriate corrective measures and corrective actions in case the concerned institution's inability to reconcile its position.

Section Four: Provisions Relating to Undertaking Designated Functions Subject to Central Bank Authorization

Article (83)

Designated Functions

- 1) The Board of Directors may issue regulations, rules, standards, conditions, and instructions, specifying Designated Functions subject to Central Bank authorization and the individuals who shall be required to obtain Central Bank authorization to undertake them, including fit and proper conditions, and cases of exemption of such conditions and standards.
- 2) Without prejudice to the provisions of item (1) of this article, Designated Functions subject to Central Bank authorization include those carried out by members of the boards of directors of Licensed Financial Institutions, and their chief executive officers, senior managers, executives, and Authorized Individuals.
- 3) No individual may undertake any Designated Functions at a Licensed Financial Institution, without obtaining Central Bank's prior authorization.

- 4) Licensed Financial Institutions shall take all measures and actions, which ensure that no officer, employee, or any other individual representing them, shall exercise any of the Designated Functions without obtaining prior authorization from the Central Bank.
- 5) Any Authorized Individual in accordance with the provisions of this article shall abide with limits of powers stated in the authorization.
- 6) No individual shall introduce himself as an Authorized Individual unless he is authorized by the Central Bank.

Article (84)

Application for Authorization to Undertake Designated Functions

- 1) A Licensed Financial Institution may submit an application to the Central Bank for authorization of any individual to undertake any of the Designated Functions or to undertake additional Designated Functions.
- 2) The Central Bank may require the applicant to provide all information necessary for enabling it to decide on the application.
- 3) A Licensed Financial Institution shall notify the Central Bank of any material changes relating to the conditions for granting authorization to undertake the Designated Functions.

Article (85)

Deciding on of Application for Authorization to Undertake or Add other Designated Functions

- 1) Deciding on application for authorization or extension thereof shall be within a period not exceeding twenty (20) working days from date of meeting all conditions and requirements for authorization. The lapse of this period without decision on the application shall be considered an implicit rejection thereof.
- 2) The Board of Directors may reject an application for authorization or addition of other Designated Functions to an Authorized Individual if it considered that such rejection would serve public interest or that conditions and requirements for authorization were not fulfilled.
- 3) The applicant shall be notified, officially, of the rejection decision within a period not exceeding twenty (20) working days from date of its issue. The notice shall include the following:
 - a. Content of the decision.
 - b. Reasons for the decision.
 - c. A statement advising the applicant of his right to submit a grievance against the rejection decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Article (86)

Imposing Conditions and Restrictions to an Authorization to Undertake Designated Functions

- 1) The Central Bank may decide to add conditions or restrictions to an authorization to undertake Designated Functions.

- 2) Before issuing the decision referred to in item (1) of this article, the Central Bank may request the concerned Licensed Financial Institution to provide its remarks on the reasons for the decision, within such period as it specifies.
- 3) The Licensed Financial Institution shall be notified, officially, of the decision within a period not exceeding twenty (20) working days from date of its issue. Such notice shall include the following:
 - a. Content of the decision.
 - b. Reasons for the decision.
 - c. Effective date of the decision.
 - d. A statement advising the Licensed Financial Institution of its right to submit a grievance against the decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Article (87)

Suspension, Withdrawal, or Revocation of Authorization to Undertake Designated Functions

- 1) The Central Bank may suspend, withdraw, or revoke the authorization issued to an individual undertaking Designated Functions , by an official notice, in the following cases:
 - a. If the Authorized Individual ceased to meet, or breached one or more of the fit and proper criteria and other conditions or restrictions imposed on the authorization to undertake Designated Functions.
 - b. If the Authorized Individual violated any of the State’s established laws and regulations or the regulations, rules, standards, or guidelines issued by the Central Bank.
 - c. If the Authorized Individual failed to take any measures or actions prescribed by the Central Bank.
 - d. If the Central Bank considered, that full or partial withdrawal, revocation, or suspension of the authorization, was necessary for achieving its objectives and discharging its functions.
 - e. If the Authorized Individual was declared bankrupt.
 - f. If the Authorized Individual refused to cooperate with the officials, representatives, or examiners of the Central Bank, or failed to submit required information or records.
- 2) In all cases, the authorization shall be revoked in case a cancellation application was submitted by the Licensed Financial Institution where the Authorized Individual works or in case of termination of his relationship with such institution.
- 3) The Licensed Financial Institution, where the Authorized Individual works shall be notified, in writing, of the decision to withdraw, revoke, or suspend the authorization, within a period not exceeding twenty (20) working days from date of its issue. Such notice shall include the following:
 - a. Content of the decision.
 - b. Reasons for the decision.
 - c. Effective date of the decision.

- d. A statement advising the concerned Licensed Financial Institution and the Authorized Individual of their right to submit a grievance against the decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Article (88)

Prohibition of Undertaking Designated Functions at Licensed Financial Institutions

- 1) The Central Bank may prohibit any individual from working, or undertaking Designated Functions related to Licensed Financial Activities if it considered that the concerned individual was not fit and proper to work or undertake such Designated Functions.
- 2) The concerned Licensed Financial Institution shall be notified, officially, of the decision to prohibit the concerned individual from working or undertaking Designated Functions at it, within a period not exceeding twenty (20) working days from date of its issue. Such notice shall include the following:
 - a. Content of the decision.
 - b. Reasons for the decision.
 - c. Effective date of the decision.
 - d. A statement advising the Licensed Financial Institution and the concerned individual of their right to submit a grievance against the decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Chapter Three: Responsibilities of Deposit-Taking Licensed Financial Institutions

Article (89)

Compliance with Central Bank's Instructions

- 1) Deposit-taking Licensed Financial Institutions shall comply with all rules, regulations, standards, circulars, and directives and instructions issued by the Central Bank with regard to lending or other matters it deems necessary for achieving its objectives.
- 2) The Central Bank may take all necessary measures and actions, and use means, which would ensure proper conduct of business at deposit-taking Licensed Financial Institutions. Such instructions, directives, measures, procedures, or means, may either be global for all Licensed Financial Institutions, or to specific Licensed Financial Institutions.

Article (90)

Central Bank Risk Bureau

The Risk Bureau at the Central Bank shall undertake compilation, exchange and processing of credit information from Licensed Financial Institutions or any party the Central Bank deems necessary. The said bureau shall operate within the conditions and controls determined by the Board of Directors.

Article (91)

Protection of Depositors' Interests

- 1) Each deposit-taking Licensed Financial Institution shall prepare a quarterly statement, in the form specified by the Central Bank, indicating all the credit and funding facilities granted by the Licensed Financial Institution to:
 - a. Any member of its board of directors.
 - b. Any establishment or company where the concerned institution is a partner, manager, agent, guarantor or sponsor.
 - c. Any company where a member of the board of directors of the concerned institution is a manager or agent.
 - d. Any company where an employee, expert or representative of the concerned institution is a manager, executive officer, agent, guarantor, or sponsor.
 - e. Any Person holding controlling interest in the concerned institution, or a related company, as per provisions of Article (95) of this decretal law.
 - f. Any subsidiary of the group, which owns the concerned institution.
 - g. Any company related to the concerned institution, as per the controls set by the Board of Directors.
 - h. Any Person, directly or indirectly related to any member of the board of directors of concerned institution, as per the controls set by the Board of Directors.
 - i. Any other Person specified by the Board of Directors as per the rules it sets in this regard.
- 2) The Central Bank shall be provided with copy of the statement referred to in item (1) of this article, within a period of ten (10) days from end of each quarter of the financial year, or date of a request made by the Central Bank in this regard.
- 3) The Central Bank may take one or more of the actions listed hereunder, If it decided, following review of the statement referred to in item (1) of this article, that any of the credit or funding facilities extended by the Licensed Financial Institution or any exposure to a particular Person may result in damage to the interests of depositors of the concerned Licensed Financial Institution:
 - a. Require the concerned institution to allocate provisions for these facilities, or reduce its exposure to a particular Person, within such period and as per such mechanism as it determines.
 - b. Prohibit the concerned institution from extending further credit facilities to the concerned Person, or impose specific restrictions on facilities extended to the concerned Person, as it deems appropriate.

Chapter Four: Prohibitions

Article (92)

Prohibition of Conducting Specific Operations

- 1) The Central Bank may prohibit Licensed Financial Institutions from conducting all or some of the following:
 - a. Dealing in specific assets, investments, or monetary and financial instruments.
 - b. Closing deals, or conduct specific operations or commercial transactions.
 - c. Dealing with specific Persons.
- 2) The Board of Directors may issue rules, regulations and standards relating to the operations referred to in item (1) of this article, and take necessary measures and actions it deems appropriate.
- 3) The concerned Licensed Financial Institution shall be notified, officially, of Central Bank's decision within a period not exceeding twenty (20) working days from date of its issue. The notice shall include the following:
 - a. Content of the decision.
 - b. Reasons for the decision.
 - c. Effective date of the decision.
- 4) A statement advising the Licensed Financial Institution of its right to submit a grievance against the decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Article (93)

Prohibition of Carrying on Non-Banking Activities

Banks shall not carry on any non-banking activities, particularly the following activities:

- 1) Carry on, for its account, commercial or industrial activities or acquire, own or trade in goods, unless the acquisition of such goods was in settlement of debts due from third parties, in which case the goods must be disposed of within the period specified by the Central Bank.
- 2) Purchase real estate for its own account, except in the following cases:
 - a. Real estate that its value does not exceed the ratio set by the Board of Directors relative to its total capital and reserves.
 - b. Real estate owned in direct settlement of debt exceeding the ratio mentioned in paragraph (a) of this item and in such a case the sale of these properties within (3) years, and this may be extended by an approval from the Central Bank based on the guidelines set by the Board of Directors.
- 3) Purchase or acquire or deal in shares of the Bank, in excess of the ratios set by the Board of Directors, unless the excess has devolved to it in settlement of a debt, in which case the Bank must sell the shares in excess of the said ratio, within a period of two (2) years from date of acquisition.

- 4) Purchase shares of commercial companies, except within the ratio of the Bank's own funds, as set by the Board of Directors, unless acquired in settlement of a debt, in which case the excess must be sold within two (2) years from date of acquisition.
- 5) The Board of Directors shall issue regulations to Banks regarding limits for purchasing and dealing in securities issued by any foreign government or their related entities, or by any foreign commercial company. These limits shall not apply to securities issued or guaranteed by the Public Sector.

Article (94)

Restrictions on Provision of Credit Facilities

- 1) As an exception to the provisions of Article (153) of the referenced Commercial Companies Law, Licensed Financial Institutions may extend credit facilities to members of their boards of directors, their employees, and relatives of such Persons as determined by the Board of Directors.
- 2) The Board of Directors shall determine conditions and requirements for credit facilities, which may be granted to the categories referred to in item (1) of this article.
- 3) A deposit-taking Licensed Financial Institution shall not offer credit facilities to its customers against their shares therein.
- 4) The Board of Directors shall issue regulations, to deposit-taking Licensed Financial Institutions, regarding the limits for credit facilities extended for the purpose of constructing residential or commercial buildings.

Chapter Five: Supervision & Oversight of Licensed Financial Institutions

Section One: Provisions relating to Supervision & Oversight

Article (95)

Provisions Relating to Holders of Controlling Interests

- 1) A Person shall not hold controlling interest, or increase controlling interest in any Licensed Financial Institution, nor exercise powers, which render him a de facto holder of controlling interest, at the discretion of the Central Bank, unless he obtains Central Bank's prior approval.
- 2) A Licensed Financial Institution shall also not allow any Person to hold controlling interest therein, unless it obtains Central Bank's prior approval.
- 3) The Board of Directors shall issue regulations, rules, standards, conditions, instructions, and restrictions relating to interests and instances of control.

Article (96)

Opening Branches Inside the State & in Other Jurisdictions

A Licensed Financial Institution shall not establish any branch or representative office inside the State or in other jurisdictions, or relocate or closedown any existing branch without Central Bank's prior approval.

Article (97)

Providing the Central Bank with Information and Reports

- 1) Licensed Financial Institutions shall:
 - a. Provide the Central Bank with reports, information, statements and other documents, which it determined and considered necessary for achieving its objectives and discharge its functions.
 - b. Appoint qualified employees and assign them the task of preparing the reports required by the Central Bank.
 - c. Take appropriate measures to ensure that the Person assigned, in accordance with the paragraph (b) of this item, obtains the information required for preparation of the reports.
- 2) Licensed Financial Institutions are prohibited from issuing instructions or directives, or agree with any manager, officer, an employee working for it, an agent representing it, or auditor of its accounts, to decline to provide the Central Bank with the requirements referred to in item (1) of this article.
- 3) The Central Bank shall establish rules and guidelines for periodical compilation of information from Licensed Financial Institutions.
- 4) The Central Bank shall determine the nature, forms and frequency of submission of information. Licensed Financial Institutions shall provide such information in accordance with the instructions issued by the Central Bank in this regard.
- 5) The provisions of this article shall apply to branches of foreign Licensed Financial Institutions operating in the State.
- 6) The Board of Directors shall issue regulations, rules, standards, and instructions regarding provision of the requirements referred to in this article, and may take all the measures and actions against the concerned institution or any of its employees referred to in paragraph (b) of item (1) of this article.

Article (98)

Reporting of Violations

- 1) Licensed Financial Institutions, along with their legal representatives, compliance officers, and auditors of accounts shall be responsible for, immediate reporting of any of the following to the Central Bank:
 - a. Occurrence of any material or crucial developments, which may impact its activities, structure, or overall position.
 - b. Occurrence of any violation to the provisions of this decretal law or the decisions, regulations, or instructions issued in implementation thereof.
- 2) The aforementioned Persons referred to in item (1) of this article shall not be considered to have breached any of their obligations if they, acting in good faith, filed a report as per provisions of this article, or provided information or opinion to the Central Bank. The Licensed

Financial Institution shall not dismiss those mentioned in item (1) of this article without obtaining approval of the Central Bank.

- 3) The Central Bank shall establish a mechanism for accepting notifications concerning violations referred to in item (1) of this article.

Article (99)

Submission of Data on Financial Position, Required by the Central Bank

- 1) Each Licensed Financial Institution shall be required to provide the Central Bank with the statements and reports relating to its financial position.
- 2) Each Licensed Financial Institution shall be required to provide the Central Bank, within a period not exceeding three (3) months from end of the financial year, or within such period as the Central Bank may specify, with the following:
 - a. Copy of the audited balance sheet, showing use of assets and liabilities arising from operations of the concerned institution.
 - b. Copy of the audited profit and loss account, and any related notes.
 - c. Copy of report of auditors of accounts of the concerned institution.
 - d. Copy of report of the board of directors of the concerned institution.
- 3) The Central Bank may also require the Licensed Financial Institution to provide the following:
 - a. Copy of the interim profit and loss account, on semi-annual basis, or for other periods specified by the Central Bank.
 - b. Any other additional reports, data or information it deems necessary.

Article (100)

Merger & Acquisition

- 1) A Licensed Financial Institution shall not merge with or acquire any other institution, regardless of its type of activity, nor transfer any part of its liabilities to another Person, without obtaining Central Bank's prior approval.
- 2) Without prejudice to the established legislation in the State concerning merger and acquisition, the Board of Directors may issue all regulations, rules, standards, conditions, instructions, and directives pertaining to merger and acquisition.
- 3) The Licensed Financial Institution shall be notified, officially, of Central Bank's decision rejecting the proposed merger or acquisition within a period not exceeding twenty (20) working days from date of its issue. The notice shall include the following:
 - a. Content of the decision.
 - b. Reasons for the decision.
 - c. Effective date of the decision.
 - d. A statement advising the concerned Licensed Financial Institution of its right to submit a grievance against the decision, by applying to the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Article (101)
Cessation of Business

A Licensed Financial Institution shall not cease to operate, fully or partially or suspend its operations, or cease to carry-on all or part of its Licensed Financial Activities without approval of the majority of its shareholders and approval of the Central Bank.

Article (102)
Authority to Issue Instructions and Directives for Prudential Purposes

- 1) The Board of Directors shall, for the purposes of prudential supervision, issue necessary instructions and directives to a particular Licensed Financial Institution, or to a number of Licensed Financial Institutions within a specific category, relating to:
 - a. Compliance with Central Bank instructions and directives relating to prudential ratios determined by the Board of Directors, regarding capital adequacy and liquidity or any other purposes.
 - b. Compliance with the required provisions, or processing of specific assets.
 - c. Adherence to limits of large exposures.
 - d. Adherence to limits of exposures to related parties.
 - e. Satisfying any additional requirements relating to reporting.
- 2) The Central Bank may take any additional actions to those mentioned in item (1) of this article.
- 3) The Central Bank may instruct any subsidiary of a Licensed Financial Institution to take particular actions, or refrain from carrying on particular activities, in the following cases:
 - a. If the Central Bank is the consolidated regulatory authority of the entities referred to in this item.
 - b. If the Central Bank decided that such instruction is necessary for the exercise of effective and consolidated prudential supervision of the entities referred to in this item.
- 4) The instructions and directives referred to in item (3) of this article may include the following:
 - a. Require the subsidiary of the concerned Licensed Financial Institution to suspend provision of particular services, or carrying on particular businesses or activities, or even closing down any of its offices or branches outside the State, if such services, businesses or activities may expose the concerned Licensed Financial Institution to additional risk, or to risks that cannot be managed effectively and appropriately.
 - b. Require the subsidiary of the concerned Licensed Financial Institution to take all necessary actions to remove any impediments that may hinder effective consolidated supervision.

Article (103)
Limits of Operations

The Central Bank may set limits to which deposit-taking Licensed Financial Institutions shall adhere to in their operations, which include the following:

- 1) The maximum amount of total discount operations or loans and advances the Licensed Financial Institution is allowed to conduct, as of a certain date.
- 2) The maximum amount the Licensed Financial Institution may lend to a single Person, relative to its own funds.
- 3) Any other limits the Central Bank may determine.

Article (104)

Governance of Licensed Financial Institutions

- 1) The Central Bank shall establish a general framework for governance of Licensed Financial Institutions, and shall issue rules and regulations relating to organization of works of their boards of directors and shall determine the conditions to be met by nominees for membership of their boards of directors, and the requirements and conditions for appointment of their senior staff; provided that Licensed Financial Institutions listed in the State's financial markets shall adhere to the minimum requirements of corporate governance set by the concerned regulatory authority.
- 2) Licensed Financial Institutions must obtain Central Bank's prior approval for appointment, nomination of any Person for membership of their boards of directors or renewal of his membership, and appointment or renewal of the employment contract of any of their senior staff.
- 3) The Board of Directors may, as may be required to safeguard public interest, reject any Person's nomination, appointment, or renewal of his membership in the board of directors of a Licensed Financial Institution, and may also reject appointment or renewal of the employment contract of any of its senior staff.

Article (105)

Rulebook

The Central Bank shall prepare an electronic guide, which would include all regulations, rules, standards, decisions, and circulars issued by the Central Bank in accordance with the provisions of this decretal law. Such guide shall be published and regularly updated on the Central Bank's website.

Article (106)

Retroactive Effect of Central Bank Regulations and Decisions

The regulations, decisions, and circulars issued by the Central Bank in accordance with the provisions of this decretal law shall have no retroactive effect, and shall not prevent implementation of agreements concluded between Licensed Financial Institutions and their customers prior to their issuance. The Central Bank shall determine the required transitional period for Licensed Financial Institutions to reconcile their respective positions, according to the provisions of this decretal law.

Article (107)

Examination

- 1) The Central Bank may, at any time, dispatch any of its staff or any third party authorized to act on its behalf to Licensed Financial Institutions and their owned companies or subsidiaries, if it deemed necessary to ensure soundness of their financial positions, and their compliance with the provisions of this decretal law and the regulations and decisions issued in implementation thereof, and other established laws and regulations in the State.
- 2) In case of the conduct of examination of companies owned by Licensed Financial Institutions and their subsidiaries, which are regulated by any of the Regulatory Authorities in the State or in other jurisdictions, the Central Bank shall coordinate with the concerned regulatory authority in this regard.
- 3) The Central Bank may, in coordination with the concerned agencies in the State, inspect premises of any Person suspected of carrying on any of the financial activities referred to in Article (65) of this decretal law, without a license. The Central Bank may, in this respect, require the suspected Person to provide all information, documents, and records relating to the unlicensed financial activities, and may seize such information, documents, and records.
- 4) Licensed Financial Institutions, their owned companies and subsidiaries shall provide the staff referred to in item (1) of this article with all information, records, books, accounts, documents and data relating to the subject of examination, along with any information he may ask for, on timely basis.
- 5) Central Bank staff may, within the framework of the examination process, summon any related Person, on the time and place they may determine, to provide information, data, documents, or records relating to the examination process.
- 6) The Board of Directors may issue regulations, rules, standards, directives and instructions relating to mechanisms and procedures for examination of Licensed Financial Institutions.
- 7) The Central Bank may take all measures and actions it deems appropriate for achieving its objectives and discharging its functions, and may particularly take the following actions, if it was found that a violation to the provisions of this decretal law, or the regulations and decisions issued in implementation thereof, has occurred:
 - a. Impose restrictions on some of the operations or activities carried on by the concerned Licensed Financial Institution.
 - b. Require the concerned Licensed Financial Institution to take necessary actions to rectify the situation immediately.
 - c. Appoint a specialized expert, or a qualified Central Bank employee, to advise the concerned Licensed Financial Institution or supervise, or oversee some of its operations, for a period specified by the Central Bank. The concerned Licensed Financial Institution shall pay remunerations of such appointee if he is an expert from outside the Central Bank.
 - d. Take any other action or measure, or impose any penalties it deems appropriate.

- 8) Licensed Financial Institutions shall be required to pay all costs of examination and investigations process outsourced, by the Central Bank, to a third party, in case its violation to the provisions of this decretal law, and the regulation and decisions issued in implementation thereof, has been established.

Article (108)

Examination of Entities of National Licensed Financial Institutions Operating in Other Jurisdictions

The Central Bank may dispatch one or more of its examiners or experts, to undertake examination of entities of national Licensed Financial Institutions operating abroad, in collaboration and coordination with the concerned regulatory authorities in those jurisdictions; Such would include entities of national Licensed Financial Institutions operating in Financial Free Zones in the State, in cooperation and coordination with the supervisory authorities of the concerned Financial Free Zone.

Article (109)

Expert Report

The Central Bank may assign an expert or a Person qualified in the area of Licensed Financial Activities, to provide it with a report on a subject specified by the Central Bank, relating to direct and indirect businesses and activities of a particular Licensed Financial Institution. Such would be carried out in accordance with the conditions and procedures established by the Central Bank, and at the expense of the entities referred to in this article.

Article (110)

Judicial Officer Capacity

Central Bank staff designated per decision issued by the Minister of Justice, in coordination with the Governor, shall, in establishing acts occurring in violation of the provisions of this decretal law, have the capacity of judicial officers.

Article (111)

Requesting Intervention in Lawsuits and Judicial Proceedings & Notification of Investigations

- 1) Without prejudice to the provisions of the Civil Procedures Law, the Central Bank may request intervention in any lawsuit filed with judicial authorities to which a Licensed Financial Institution is party.
- 2) Law enforcement and other concerned authorities shall notify the Central Bank of any investigations or proceedings initiated against Licensed Financial Institutions. The Central Bank may provide such authorities with any clarifications, statements, or information it deems appropriate in this regard.

Section Two: Financial Accounts

Article (112)

Financial Year of Licensed Financial Institutions

The financial year for a Licensed Financial Institution shall begin on the first of January and end on the thirty first of December of each year, except for the first financial year, which begins from date of registration of the institution and shall end at the end of the following financial year.

Article (113)

Accounts of Licensed Financial Institutions

- 1) Branches of foreign Licensed Financial Institutions shall maintain separate accounts for all their operations in the State, including the balance sheet and profit & loss account.
- 2) Branches and sections of a local or foreign Licensed Financial Institution operating in the State, shall, for the purposes of bookkeeping, constitute one financial institution.

Article (114)

Auditors of Accounts of Licensed Financial Institutions

- 1) Each Licensed Financial Institution operating in the State shall, every year, appoint an auditor or more, from amongst the auditors approved by the Central Bank, for auditing its accounts. Should the concerned Licensed Financial Institution fail to appoint an auditor, the Central Bank shall appoint an auditors for the concerned institution and determine its remunerations, which shall be paid by the concerned institution.
- 2) The functions of the auditors shall include preparation of a report on the balance sheet and the profit and loss accounts for the shareholders. The auditors shall state in their report whether the annual balance sheet and profit and loss accounts are true and fair, and whether the concerned Licensed Financial Institution has provided them with all the information and clarifications requested for performance of their mission. The concerned Licensed Financial Institution shall, at least twenty (20) working days before convening of the general assembly, provide the Central Bank with copy of the auditors' report, along with copy of the balance sheet and the profit and loss account.
- 3) The general assembly of a Licensed Financial Institution may not be convened prior to receipt of Central Bank's remarks on the report. The Central Bank may, within ten (10) working days from date of receipt of the report referred to in item (2) of this article, issue a decision not to approve the profits proposed for distribution to shareholders, if a shortfall in provisions was found, or a decline in the capital adequacy ratio from the established minimum requirement was established, or any reservation indicated in the auditors' report or from the Central Bank, and deemed to have impact on distributable profits.
- 4) The auditors' report, together with the report of the board of directors of the Licensed Financial Institution shall be read to the shareholders at the annual general assembly where the concerned institution is incorporated in the State. Such institution shall provide the Central

Bank, within twenty (20) work days from date of convening of the general assembly, with three (3) copies of each report. If the concerned Licensed Financial Institution was incorporated in another jurisdiction, a copy of the auditors' report shall be forwarded to its head office, and three (3) copies thereof shall be submitted to the Central Bank within twenty (20) working days from date of its issue.

- 5) The auditors shall not be represented in the board of directors of the Licensed Financial Institution, which appointed it to audit its accounts, nor have one of its staff appointed as employee, or act as advisor to the same institution.
- 6) A Licensed Financial Institution shall not extend credit facilities, of any type, to the auditors of its accounts. An auditor approved by the Central Bank may not commence its functions at a Licensed Financial Institution, unless any obligations it may have towards such institution were settled.
- 7) The auditors shall be responsible for the contents of their report on the financial statements of the concerned Licensed Financial Institution. If failure to properly perform their assigned duties or violation of provisions of this decretal law and the regulations and decisions issued in implementation thereof was established, the Central Bank may take any necessary measures or procedures, in collaboration and coordination with the concerned authorities in the State to strike their names from the established registers. The Central Bank may, at its own discretion, take any administrative or legal actions against the negligent or violating auditors.
- 8) The Central Bank may, at its discretion, require the auditors of a Licensed Financial Institution, or its subsidiaries or affiliates, to submit a report, at the expense of the concerned Licensed Financial Institution, establishing their compliance with the provisions of this decretal law and the regulations issued in implementation thereof.
- 9) The Board of Directors shall issue regulations and establish a register for approved auditors, authorized to audit the accounts of Licensed Financial Institutions.

Article (115)

Publication and Display of Accounts

- 1) Each Licensed Financial institution shall publish and display the following information and statements on its website, and in each of its offices and branches in the State:
 - a. Copy of its audited balance sheet and profit and loss account, and copy of the auditors' report. Where a Licensed Financial Institution is incorporated in other jurisdictions, publication of such statements may be carried out in the manner consistent with laws of the concerned jurisdiction.
 - b. List of names of members of the board of directors, senior executives and their deputies and assistants.
 - c. Names of all wholly or partially owned subsidiaries, or entities related to the concerned Licensed Financial Institution.

- 2) The Central Bank may, require any Licensed Financial Institution to publish or display any information or statements relating to its accounts, in addition to the requirements stated in item (1) of this article, as it deems appropriate.

Section Three: Resolution and Liquidation of Licensed Financial Institutions

Article (116)

Deficiency of Financial Position

- 1) The Board of Directors shall establish a resolution framework for deposit-taking Licensed Financial Institutions in order to minimize the effect that a deficiency in their financial position may have on the financial system in the State. This includes the effects related to a deficiency in the financial position of companies owned by those Licensed Financial Institutions or their subsidiaries.
- 2) The resolution framework shall include a set of triggers, both prudential as well as qualitative, which signal material risks that would result in the deficiency of the financial position of the institutions referred to in item (1) of this article. In order to achieve this, the Central Bank shall, at its own discretion, decide any of the following measures and actions for the protection of the concerned institution and its depositors:
 - a. Impose a minimum ratio for liquidity of the concerned institution, commensurable with the risks associated with its activities.
 - b. Require the concerned institution to provide, as per terms and conditions set by the Board of Directors, additional financial resources for support of its paid-up capital.
 - c. Issue a decision to merge the concerned institution with another Licensed Financial Institution.
 - d. Permit any Financial Institution to acquire the concerned institution.
 - e. Form an interim committee to manage the concerned institution, and authorize such committee to take whatever actions it deems appropriate, as per conditions and controls determined by the Board of Directors, including the possibility of taking the decision to impose a moratorium on all or some of the activities of the concerned institution with immediate effect or within another timeframe as well as consequential actions.
 - f. Undertake, over a period specified by the Board of Directors, direct management of the concerned institution, and shall, in this case, substitute management of the concerned institution in exercising all powers, including financial and administrative powers; and the powers and authorities of its board of directors, and its general assembly shall immediately be frozen until expiry of the period of interim management.
 - g. Request competent authorities in the State to place the concerned institution under interim custody and seize its assets, property and shareholders rights.
 - h. Adopt a decision to request the competent court to pass a decision to liquidate the concerned institution, prepare a plan for liquidation or transfer of its assets and liabilities, as it deems appropriate, along with all related settlements and releases and implement or

oversee implementation of the liquidation plan, or adopt a resolution decision, or request the competent court to declare bankruptcy, in accordance with established laws.

- i. Where a decision to merge or liquidate of a Licensed Financial Institution incorporated in another jurisdiction and has a branch operating in the State, the same procedures applicable in the concerned jurisdiction of incorporation shall apply if they provide better protection for customers in the State, unless otherwise agreed with the concerned authority.
 - j. Any other measures or actions in accordance with a decision by the Board of Directors.
- 3) The Central Bank may coordinate with the relevant federal and local authorities before issuance of any decision by the Board of Directors, as per provisions of this article, if necessary. The Central Bank may request the competent judicial authorities to take protective and urgent measures and actions, which would ensure protection of property and interest of investors and depositors, or serve public interest.

Article (117)

Publication of Resolution or Liquidation Announcement

- 1) In case of resolution or liquidation of a Licensed Financial Institution, such an announcement shall be published in the Official Gazette, and in, at least, two local Arabic and English daily newspapers, and for a period not less than three (3) business days.
- 2) The announcement shall include the following:
 - a. A grace period, not be less than three (3) months, allowed to customers of the concerned Licensed Financial Institution to take necessary actions to protect their rights.
 - b. Details of the entity assigned for the resolution and its functions or the liquidator and his functions.
- 3) If the resolution or liquidation occurred as a result of the Licensed Financial Institution being struck-off the Licensed Financial Institution Register, the Chairman of the Board of Director or his deputized representative shall specify, in the decision to strike- off name of the concerned institution, the date of closing down of the concerned institution, and the entity assigned for resolution or liquidation of any outstanding operations on such date.

Article (118)

Surveillance of Licensed Financial Institutions Under Resolution or Liquidation

The Central Bank shall continue surveillance of operations of any Licensed Financial Institution under resolution or liquidation, until final closure of its offices.

Article (119)

Non-Prejudice to Provisions of Other Laws Relating to Resolution or Liquidation

The provisions of article nos. (116), (117), and (118) of this decretal law shall not preclude implementation of any established legal provisions in the State, relating to resolution and liquidation.

Chapter Six: Customers' Protection

Article (120)

Confidentiality of Banking & Credit Information

- 1) All data and information relating to customers' accounts, deposits, safe deposit boxes and trusts with Licensed Financial Institutions and related transactions shall be considered confidential in nature, and may not be perused, or directly or indirectly disclosed to any third party without the written permission of owner of the account or deposit, his legal attorney or authorized agent, and in legally authorized cases.
- 2) Such prohibition shall remain valid, even until end of the business relationship between the customer and the Licensed Financial Institution for any reason.
- 3) Chairmen and members of boards of directors, managers and employees of Licensed Financial Institutions, and experts, consultants and technicians assigned to perform functions therein, are prohibited from disclosing any information or data on their customers; their accounts or deposits or transactions relating thereto, or enable third parties to peruse them, except in legally authorized cases.
- 4) Such prohibition shall apply to all agencies and Persons, and whoever, by virtue of his profession, position or nature of work, is able to, directly or indirectly, peruse such information and data.
- 5) The Central Bank shall establish rules and conditions organizing exchange of banking and credit information, in its capacity as the competent Regulatory Authority in the State in this regard.
- 6) The provisions of item nos. (1) and (2) of this article shall be without prejudice to the following:
 - a. The powers legally vested on security and judicial authorities, the Central Bank and its employees.
 - b. The duties assigned to auditors of accounts of the concerned institutions.
 - c. The obligation of the concerned institutions to issue, upon request of the beneficiary, a certificate of the reasons for declining to cash a check.
 - d. The obligation of the concerned institutions to issue a certificate of partial payment of value of a check, where the consideration for payment is less than the value of the check, pursuant to the provisions of the referenced Commercial Transactions Law.
 - e. The right of the concerned institutions to disclose whole or part of the data relating to the customer's transactions, in order to establish its right in a legal dispute in respect of such transactions, with its customer.

- f. Provisions of established laws and international agreements in the State, in addition to anti-money laundering, terrorist financing and illegal organizations provisions.

Article (121)

Protection of Customers of Licensed Financial Institutions

- 1) The Central Bank shall establish regulations relating to protection of customers of Licensed Financial Institutions, in line with the nature of activities the latter carry on and the services and products they provide.
- 2) The Central Bank and Licensed Financial Institutions shall work together to raise public awareness of the types of banking services and financial products, and their inherent risks, through all means of communication and media, in accordance with the rules set by the Central Bank in this regard.
- 3) Licensed Financial Institutions are not permitted to charge interest on accrued interest charged on any credit or funding facilities granted to customers.

Article (122)

Deposits Guarantee Scheme

The Board of Directors may issue regulations for protection of deposits and the rights of depositors of Licensed Financial Institutions in coordination with the Ministry. Such regulation may include establishment of a compensation fund and determination of its structure.

Article (123)

Financial Inclusion

The Board of Directors shall establish necessary regulations and mechanisms to ensure that every natural Person shall have the right to access all or part of the banking and financial services and products from Licensed Financial Institutions suited to his/her need.

PART IV
– FINANCIAL INFRASTRUCTURE –

Chapter One: Funds Transfer & Settlement of Securities

Article (124)

Clearing and Settlement Operations

- 1) The Central Bank may:
 - a. Establish, develop, and/or operate one or more clearing or settlement systems for transfer of funds, and settlement of securities for securities issued by the Central Bank or the Public Sector and other obligations between Participant Persons in such systems, and may conduct such on its own or in partnership with any other party, or by outsourcing to third parties.
 - b. Link the systems referred to in paragraph (a) of this item, to similar systems inside and outside the State.
 - c. Establish and/or operate central securities depository for securities issued by the Central Bank or the Public Sector and data repository systems for monetary and financial transactions in the State, and link such systems to similar systems inside and outside the State.
- 2) The Central Bank shall coordinate with concerned other regulatory authorities and bodies in the State, in relation to the establishment of data repository systems for monetary and financial transactions referred to in paragraph (c) of item (1) of this article.
- 3) The Board of Directors shall issue the regulations related to the systems referred to in item (1) of this article, the rules of participation in these systems, and the rules to execute related operations.

Article (125)

Retail Payment Operations & Related Electronic Services

The Central Bank shall solely:

- 1) Have the authority to issue regulations, rules, and procedures relating to electronic banking operations, digital money, Stored Value Facilities, and shall regulate Retail Payment Systems and related electronic banking and financial services.
- 2) Take all measures and procedures it deems appropriate to reduce the risks to the State's financial and economic systems associated with operations and systems referred to in item (1) of this article.

Chapter Two: Powers & Functions of the Central Bank Pertaining to Financial Infrastructure Systems

Article (126)

Designation of Systems

- 1) The Central Bank may designate any Financial Infrastructure System as systemically important if it considers, at its own discretion, that any malfunction or inefficiency in the operation of such system would negatively impact processing of the daily operations of financial institutions operating in the State, or the stability of the financial system in the State.
- 2) For a Financial Infrastructure System to be designated, it shall meet one of the following conditions:
 - a. The concerned system is operating in the State;
 - b. The concerned system has the capacity to accept clearing and settlement of financial Transfer Orders denominated in national Currency, without prejudice to provisions of Article (28) of this decretal law; or
 - c. The concerned system has the capacity to provide transfer, clearing or settlement of financial Transfer Orders, for retail payment activities, denominated in any currency.
- 3) Should the Central Bank intend to designate any of the Financial Infrastructure Systems it licenses as systemically important , it shall:
 - a. Notify the operator of the system, or its Settlement Institution, officially, of its intention to designate this system as systemically important, clarify grounds of such intention, in addition to other terms and conditions attached to such designation.
 - b. Allow such period as specified in the notice referred to in paragraph (a) of this item, which shall not be less than ten (10) working days from date of notification, within which the system's operator or its Settlement Institution may provide their opinions, or make representations, as to why the system should not be designated.
 - c. Issue its decision on designation of the system, within a period not exceeding twenty (20) working days from date of receipt of responses from concerned parties, or expiry of the period stated in the notice, without response.
- 4) The operator of the Designated System or the Settlement Institution may submit a grievance against the designation decision referred to in item (3) of this article by applying to the Grievances & Appeals Committee, in accordance with the provisions of Part V of this decretal law.
- 5) The Clearing and Settlement Systems established, developed, and/or operated, in accordance with the provisions of Article (124) of this decretal law shall be deemed as Designated Systems.
- 6) Should the Central Bank intend to designate any of the Financial Infrastructure Systems licensed by any of the other Regulatory Authorities in the State or in other jurisdictions as systemically important, it shall submit its opinion in this regard to the concerned regulatory authority. Should the concerned regulatory authority has no objection to such designation, it shall:

- a. Notify the operator of the system, or its Settlement Institution, officially of the intention to designate this system as systemically important, clarify grounds of such intention, in addition to other terms and conditions attached to such designation.
 - b. Allow such period as specified in the notice referred to in paragraph (a) of this item, which shall not be less than ten (10) working days from date of notification, within which the system's operator or its Settlement Institution may provide their opinions, or make representations, as to why the system should not be designated.
 - c. Issue its final approval or disapproval decision on the Central Bank's request to designate the concerned system, within a period not exceeding twenty (20) working days from date of receipt of responses from concerned parties, or expiry of the period stated in the notice, without response.
- 7) The Central Bank may revoke designation of a particular Financial Infrastructure System it licenses or request such action from the concerned regulatory authority, if it considered, at its own discretion, that the system is no longer of systemic importance. The concerned regulatory authority, the operator of the system, or its Settlement Institution shall be notified, officially, of such decision, as the case may be.

Article (127)

Oversight of Systems

- 1) The Central Bank shall solely undertake oversight over operations of systems, which it licenses and shall ensure their soundness, in accordance with relevant international standards. For such purpose, the Central Bank may require the operators of systems or their Settlement Institutions to take required measures and procedures.
- 2) The Central Bank shall be responsible for monitoring the implementation of required additional oversight measures and procedures on Designated Systems, licensed by any of the other Regulatory Authorities, in the State or in other jurisdictions in collaboration and coordination with the concerned regulatory authority, and may request in this regard from the concerned regulatory authority:
 - a. Require operators of the Designated Systems or their Settlement Institutions to comply with the instructions it issues in this respect and any relevant international standards.
 - b. Ensure proper and regular functioning of Designated Systems.
 - c. Ensure soundness of financial positions of operators of Designated Systems and their Settlement Institutions, when deemed necessary.
 - d. Require the operators of the Designated Systems or their Settlement Institutions to provide it, with the information it deems appropriate for achievement of its objectives and discharge of its functions.
- 3) The Central Bank may appoint whoever it deems appropriate of experts and advisers specialized in financial infrastructure to assist the Central Bank in performing its duties and

functions in accordance with the provisions of Part IV of this decretal law, and to keep in step with best international standards and practices in this area.

Article (128)

Suspension or Revocation of a License

- 1) The Central Bank may suspend or revoke a license granted to a Financial Infrastructure System, in accordance with the provisions of article nos. (124) and (125) of this decretal law, via an official notice to the operator or the Settlement Institution of the concerned system and take necessary actions in this respect, as the case may be, if it considered that the system is no longer capable of conducting its operations. The Central Bank shall allow such period as specified in the notice referred to in this item, which shall not be less than twenty (20) working days from date of notification, within which the concerned system operator or its Settlement Institution may object to the Central Bank's decision to suspend or revoke the license and provide their justifications for such objection, in accordance with the provisions of Part Four of this decretal law.
- 2) The Central Bank, if it considers that any Designated System licensed by any of the Regulatory Authorities in the State or in other jurisdictions is no longer capable of conducting its operations, may request the concerned regulatory authority, via an official notice, to suspend or revoke the license of this system and take necessary actions in this respect, as the case may be. The concerned regulatory authority shall have the right to approve or reject the request of the Central Bank. In case of approval, the procedures and controls in force by the concerned authority shall be applicable.
- 3) In all cases, the suspension or revocation of a license granted to a Designated System in accordance with the provisions of this article, shall not affect any transaction cleared or settled in the concerned system prior to the effective date of suspension or revocation.

Article (129)

Authority to Issue Regulations & Instructions

- 1) The Board of Directors shall issue regulations, instructions, rules, directives, and codes of conduct as it deems appropriate for the implementation of the provisions of Part Four of this decretal law, and to achieve the objectives of the Central Bank and discharge its functions, including:
 - a. Regulations, conditions and rules relating to licenses, granted by the Central Bank in accordance with the provisions of article nos. (124) and (125) of this decretal law, to operators of Financial Infrastructure Systems or the Settlement Institutions for such systems and their Participant Persons.
 - b. Regulations, rules and standards relating to the designation and oversight of Financial Infrastructure Systems, as per the provisions of article nos. (126) and (127) of this decretal

law, monitoring operations of such systems and enforcing compliance requirements on Participant Persons thereof.

- 2) The Central Bank may exempt operators of Financial Infrastructure Systems it licenses, the Settlement Institutions of such systems or Participant Persons, in a general or specific manner, from the provisions of any of the regulations, instructions, rules, directives, and controls issued by it.

Article (130)

Determining Violations

- 1) The Board of Directors shall issue regulations specifying types of violations pertaining to Financial Infrastructure Systems licensed by the Central Bank, and any of the following instances shall be considered a violation to the terms and conditions relating thereto:
 - a. Violation of operational requirements of systems and related settlement rules and procedures.
 - b. Failure of an operator of a system or its Settlement Institution to comply with a Central Bank request for information or documents.
 - c. Failure to comply with Central Bank's decisions and instructions, and failure to take a particular action, which the Central Bank considers necessary to render the system compliant with the criteria it sets.
 - d. Failure, on the part of an operator of a system or its Settlement Institution to report any action taken under the systems Default Arrangements, in respect of a Participant Person.
 - e. Failure, on the part of a Participant Person, to notify the system operator, its Settlement Institutions, and the Central Bank of issuance of judgement to declare it bankrupt or place it under liquidation.
 - f. Operating a system without obtaining a license in accordance with the provisions of article nos. (124) and (125) of this decretal law.
 - g. Failure of an operator of a system or its Settlement Institution to comply with any request from the Central Bank or any other government agency, relating to default, within a specified time period.
 - h. Failure of an operator of a system to notify the Central Bank of issuance of judgment regarding declaration of bankruptcy or liquidation of any Participant Person.
 - i. Providing the Central Bank with incorrect or misleading information.
 - j. Adding an incorrect entry to any registration book or in any document related to a particular system, or causing alteration, deletion or obliteration of such entry.
 - k. Any other related action to the clearing and settlement operations or to the retail payment operations the Central Bank considers a violation.
- 2) The Central Bank may take whatever actions it deems appropriate to correct any violations referred to in item (1) of this article, and determine settlement thereof.

- 3) The Central Bank shall officially notify the violating Person, in accordance of item (1) of this article, of any actions that shall be undertaken against it. The violating Person shall be allowed a period not exceeding ten (10) working days from date of notification to submit a grievance against the Central Bank decision. In case the grievance was rejected, the violating Person may escalate the matter to the Grievances & Appeals Committee in accordance with the provisions of this decretal law. The decision of the Grievances & Appeals Committee shall be final. Should the violating Person not respond to Central Bank's decision within the period prescribed in this item, the decision of the Central Bank shall be final and binding.

Chapter Three: Finality of Transactions & Proceedings

Article (131)

Finality of Payment & Settlement

- 1) All transactions conducted through a Financial Infrastructure System, which meets one of the designation conditions referred to in item (2) of Article (126) of this decretal law shall be final, irrevocable and irreversible, in any of the following cases:
 - a. Transfer of funds from or to the account of a Participant Person.
 - b. Settlement of a payment obligation.
 - c. Settlement of an obligation to transfer, or the actual transfer of book- entry securities.
- 2) No transfer or settlement pertaining to the transactions referred to in item (1) of this article shall be cancelled, set aside, re-paid, or reversed, nor shall it be rectified, whether by a court judgement order, or by law.

Article (132)

Precedence of Implementation of a Financial Infrastructure Systems' Rules and Procedures, over the General Insolvency & Bankruptcy Rules and Procedures

- 1) None of the following operations and procedures carried out through Financial Infrastructure Systems, which meet one of designation conditions referred to in item (2) of Article (126) of this decretal law, shall be regarded, as to any extent, invalid on the grounds of commencement of realization of assets of a Person under liquidation, insolvency, financial restructuring, or bankruptcy:
 - a. A Transfer Order.
 - b. Any disposition of property in pursuance of such Transfer Order.
 - c. The Default Arrangements of such systems.
 - d. The rules of such systems as to the settlement of Transfer Orders not dealt with under their Default Arrangements.
 - e. Any arrangements for the purpose of realizing collateral security in connection with participation in such systems, other than its Default Arrangements.
- 2) The relevant insolvency officer or any Person appointed to manage the insolvency procedures in cases of bankruptcy or liquidation, shall not take any actions or procedures contrary to the

provisions of this decretal law, or preclude or interfere with Default Arrangements of systems referred to in item (1) of this article.

- 3) An obligation arising out of a Transfer Order, which is the subject of an action taken under Default Arrangements of systems referred to in item (1) of this article, shall not be proved in a bankruptcy or liquidation procedures, until completion of the transfer or payment order.
- 4) A debt or other liability, which by virtue of item (3) of this article may not be proved, shall not be taken into account for the purposes of any set-off, offset, or net out of debt or obligations until the completion of the action taken under the Default Arrangements of such systems.

Article (133)

Netting of Obligations of Insolvent or Bankrupt Parties

- 1) The operator of a Financial Infrastructure System, which meets any of the designation conditions referred to in item (2) of Article (126), may effect Netting of all obligations owed to or by a Participant Person in this System, which incurred before the point of time where the competent court has made an order for bankruptcy or liquidation of the concerned Participant Person.
- 2) In case Netting has been effected as provided in item (1) of this article, then:
 - a. The obligations that are netted shall be disregarded in the bankruptcy or liquidation proceedings and
 - b. Any net obligation owed to or by the Participant Person that has not been discharged is payable to the Participant Person and may be recovered for the benefit of his creditors or is provable in the bankruptcy or liquidation, as the case may be.
- 3) Netting operations processed by the concerned system's operator in accordance with item (1) of this article shall not be cancelled during a bankruptcy or liquidation process, nor any financial transfers already paid in accordance with paragraph (a) of item (2) of this article.

Article (134)

Preservation of Rights in Underlying Transactions

- 1) Except to the extent that it expressly provides, this decretal law shall not operate to limit, restrict or otherwise affect:
 - a. Any right, title, interest, privilege, obligation or liability of a Person resulting from the underlying transaction in respect of a Transfer Order that has been entered into a Financial Infrastructure System, which meets any of the designation conditions referred to in item (2) of Article (126).
 - b. Any investigation, legal proceedings or remedy in respect of any such right, title, interest, privilege, obligation or liability.
- 2) Nothing in item (1) of this article shall be construed to require:

- a. The unwinding of any Netting done by the operator of the concerned system, whether pursuant to its Default Arrangements or otherwise;
- b. The revocation of any Transfer Order given by a Participant Person which is entered into the concerned system; or
- c. The reversal of a payment or settlement made under the operating rules of the concerned system.

Article (135)

Obligation of Participant Person to Notify of Insolvency

- 1) A Participant Person in a Financial Infrastructure System, which meets any of the designation conditions referred to in item (2) of Article (126) shall notify the operator of the system or its Settlement Institution, the concerned regulatory authority, and the Central Bank, , as soon as practicable if there comes to his knowledge any of the following events occurring in the State or in other jurisdictions:
 - a. Presentation of a plea for declaration of his bankruptcy or liquidation;
 - b. Issuance of a judgement for declaration of his bankruptcy or liquidation; or
 - c. The making of owners, shareholders, or management of a Participant Person voluntary winding up statement in his respect.
- 2) A Participant Person failing to notify of a relevant event referred to in item (1) of this article within the required timeframe is not in contravention if:
 - a. He took reasonable steps to comply with the provisions of item (1) of this article or
 - b. The agencies referred to in item (1) of this article were already aware of the relevant event by the time the Participant Person was required to notify the operator under the provisions of this article.

PART V
– GRIEVANCES & APPEALS –

Article (136)

Grievances & Appeals Committee

- 1) An independent committee, named “Grievances & Appeals Committee” shall be established in accordance with the provisions of this decretal law under the chairmanship of a Court of Appeal judge, and membership of two (2) judges from the same court, in addition to two (2) experts nominated by the Board of Directors.
- 2) The Cabinet shall issue a resolution naming the chairman and members of the committee, based on the nomination of the Higher Judicial Council, with respect to the chairman of the committee and its member judges.
- 3) The Cabinet shall issue a resolution, based on a proposal by the Board of Directors, establishing the committee’s charter, which would include:
 - a. All rules and procedures relating to settlement of grievances and appeals, including payable fees.
 - b. Remunerations of members of the committee.
- 4) Membership of the committee shall be for a term of four (4) years, renewable to similar period(s). In case the seat of a member became vacant before expiry of the membership term, for whatever reason, a successor shall be appointed for the remaining term, in the same manner in which the previous member was selected.
- 5) A nominated committee member may not be a member of the Board of Directors, nor holder of any position at the Central Bank or at any of the Licensed Financial Institution.
- 6) The chairman of the committee or any of its members shall have no interest with any party to the dispute, otherwise he shall be required to disclose such interest, and in such case another member shall be temporarily appointed to hear the presented dispute.
- 7) The Committee shall have the sole and exclusive jurisdiction to decide on grievances and appeals against any decisions by the Central Bank related to licensing, authorization of individuals, and licensing and designation of Financial Infrastructure Systems, and may, for such purposes take all or some of the following actions:
 - a. Require any Person to appear in front of the Committee to present any evidence, testimony, information or statement.
 - b. Hear the testimony of any witnesses under oath.
 - c. Commission any experts it deems appropriate to provide opinion on any matter relating to the dispute.
 - d. Take whichever actions and procedures it deems appropriate for discharge of its mandate.
- 8) If the Committee rejected the grievances or appeal on the grounds that it was filed by a party of no capacity or interest, the Committee may impose on the applicant a fine, not exceeding two hundred thousand (200,000) Dirhams.

- 9) The Committee may suspend the appealed decision, if necessary, until it reached a decision on the dispute.
- 10) A decision issued by the Committee on the grievance or appeal shall be final and shall only be challenged at the Higher Federal Court within a period of twenty (20) work days from date of its notification. The Higher Federal Court may, upon request of the appellant, suspend the decision issued by the Committee until it reached its decision on the subject, if it considered that the appeal is based on genuine grounds and that implementation of the Committee's decision shall have irreversible consequences.

PART VI
– ADMINISTRATIVE & FINANCIAL SANCTIONS AND PENALTIES –

Chapter One: Administrative & Financial Sanctions

Article (137)

- 1) Without prejudice to other sanctions stated in any other laws in the State, and upon establishment of a violation by any Licensed Financial Institution or by any Authorized Individual of any of the provisions of this decretal law or the regulations, decisions, rules, standards or instructions issued by the Central Bank in implementation thereof, or any measures taken by the Central Bank, including procedures for encountering money laundering, combating terrorist financing, and illegal organizations, the Central Bank shall, at its own discretion, decide to impose one or more of the following penalties or take any of the following measures:
 - a. Issue, by any means, a caution to the violator.
 - b. Require the violating Licensed Financial Institution to take necessary actions and measures that the Central Bank deems appropriate to rectify the violation.
 - c. Prohibit violating Licensed Financial Institution from conducting some operations, or carrying on some Licensed Financial Activities, or impose any restrictions, conditions or limitations on all or certain operations and activities.
 - d. Impose conditions or restrictions on the license of the violating Licensed Financial Institution.
 - e. Reduce or suspend the ability of the violating Licensed Financial Institution to draw on the Central Bank's funds through the Standing Facilities.
 - f. Require the violating Licensed Financial Institution to deposit funds with the Central Bank without return and for the period Central Bank deems appropriate, in addition to the credit balance referred to in Article (32) of this decretal law.
 - g. Impose a fine of four hundred (400) basis points over the prevailing base interest rate of the Central bank on any shortfall in the Reserve Requirements referred to in Article (32) of this decretal law.
 - h. Require the violating Licensed Financial Institution to return to customers the funds it obtained as a result of its violation of the provisions of this decretal law and any excess funds including revenue and profits shall devolve to the Central Bank.
 - i. Impose a fine between one (1) time and ten (10) times the value of unjust enrichment as determined by the Central Bank, which the violating Licensed Financial Institution has, unlawfully acquired, as a result of the violation.
 - j. Impose a fine on the violating Licensed Financial Institution not less than two million (2,000,000) Dirhams and not exceeding two hundred million (200,000,000) Dirhams.
 - k. Delink the violating Licensed Financial Institution from one or all Financial Infrastructure Systems.

- l. Withdraw the license of the violating Licensed Financial Institution and strike off its name from the Register.
 - m. Impose conditions or restrictions on the authorization of the violating Authorized Individual.
 - n. Impose a fine on the violating Authorized Individual not less than one hundred thousand (100,000) Dirhams and not exceeding two million (2,000,000) Dirhams.
 - o. Prohibit the violating Authorized Individual from undertaking any Designated Function at the Licensed Financial Institution he works for, or any other Licensed Financial Institution.
- 2) Decisions to impose the sanctions referred to under paragraphs (a, b, c, e, f, g, and h) shall be made by the Governor and decisions concerning other sanctions shall be made by the Board of Directors.
- 3) In all cases, the violator shall be notified, officially, of the reasoned decision within fifteen (15) working days from date of its issue. Such notice shall include the following:
- a. Content of the decision.
 - b. Reasons for the decision.
 - c. Effective date of the decision.
 - d. A statement advising the violator of its right to submit a grievance against the decision in front of the Grievances & Appeals Committee, in accordance with the provisions of this decretal law.

Chapter Two: Penalties

Article (138)

Without prejudice to any harsher punishment provided for in any other law, the offences referred to in the following articles shall be punishable by the respective penalties stated therein.

Article (139)

An employee or representative of the Central Bank or any member of the committees formed within the Central Bank, or any member of the Board of Directors, who discloses any confidential information in breach of provisions of Article (26) of this decretal law, shall be punished by imprisonment for a term not exceeding three (3) months and a fine not exceeding one hundred thousand (100,000) Dirhams, or by either of these two punishments.

Article (140)

Whoever issues Currency in contravention to the provisions of this decretal law, shall be punished by imprisonment for a term not exceeding twenty (20) years and a fine not exceeding one hundred million (100,000,000) Dirhams, or by either of these two punishments.

Article (141)

Whoever, publicly and intentionally mutilates, destroys or tears up Currency, shall be punished by a fine, which shall be the greater of one thousand (1,000) Dirham and ten (10) times the value of the mutilated, destroyed or torn Currency.

Article (142)

- 1) Whoever contravenes the provisions of item (1) of article (68) of this decretal law shall be punished by imprisonment and with a fine not less than two hundred thousand (200,000) Dirhams and not exceeding ten million (10,000,000) Dirhams, or by either of these two punishments.
- 2) Whoever contravenes the provisions of item (2) of article (68) of this decretal law shall be punished by imprisonment for a period not exceeding six (6) months and with a fine not less than one hundred thousand (100,000) Dirhams and not exceeding five million (5,000,000) Dirhams, or by either of these two punishments.

Article (143)

Whoever violates the conditions and restrictions imposed on a license to carry on Licensed Financial Activities, shall be punished by a fine not less than two hundred thousand (200,000) Dirhams and not exceeding ten million (10,000,000) Dirhams.

Article (144)

Whoever contravenes the Central Bank's instructions regarding deficiency in the financial position, referred to in Article (116) of this decretal law, shall be punished by imprisonment for a term not less than one (1) year, and a fine of not less than one million (1,000,000) Dirhams and not exceeding ten million (10,000,000) Dirhams, or by either of these two punishments.

Article (145)

Whoever contravenes any of the provisions of article nos. (72) or (96) of this decretal law shall be punished by imprisonment and a fine of not less than five hundred thousand (500,000) Dirhams and not exceeding ten million (10,000,000) Dirhams, or by either of these two punishments.

Article (146)

Whoever violates any of the provisions of Article (83) of this decretal law, shall be punished by imprisonment for a term of not less than one (1) year and a fine of not less than five hundred thousand (500,000) Dirhams with a further daily fine of fifty thousand (50,000) Dirhams in case of continuing breach, which cumulatively shall not exceed five million (5,000,000) Dirhams, or by either of these two punishments.

Article (147)

Whoever commits any of the following violations shall be punished by imprisonment for a term not exceeding two (2) years and a fine of not less than five hundred thousand (500,000) Dirhams and not exceeding five million (5,000,000) Dirhams, or by either of these two punishments:

- 1) Provides incorrect or incomplete facts, information, or data in any statements or documents presented to the Central Bank.
- 2) Conceals any facts from the statements, information, minutes, papers, or other documents submitted to the Central Bank or to its representatives, employees, and auditors.
- 3) Destroys, mutilates or alters any document relating to a matter, which is the subject of an investigation by the Central Bank or sends, or causes to be sent out of the State such a document.
- 4) Obstructs, resists, or causes the delay of the conduct of an investigation by the Central Bank or the furnishing of information to the Central Bank.
- 5) Acts complicitly with another Person to commit any of the acts referred to in items (1) to (4) of this article.

Article (148)

Whoever intentionally discloses the confidential banking and credit information referred to in Article (120) of this decretal law shall be punished by imprisonment and a fine of not less than one hundred thousand (100,000) Dirhams and not exceeding five hundred thousand (500,000) Dirhams.

Article (149)

- 1) Where a violation was committed by a juridical Person, the official in charge of management shall be punished by the same penalties prescribed for actions committed in violation of the provisions of this decretal law, whenever his knowledge of the violation was established, or if the violation was a result of his negligence or failure to perform his duties.
- 2) The juridical Person shall be jointly liable with the manager in charge in respect of the adjudged financial fines and damages, if the violation was committed, in his name and on his behalf, by one of his employees.

Article (150)

Whoever commits any of the violations relating to Financial Infrastructure_Systems referred to in Article (130) of this decretal law shall be punished by imprisonment and a fine of not less than one hundred thousand (100,000) Dirhams and not exceeding ten million (10,000,000) Dirhams, or by either of these two punishments.

PART VII
– GENERAL PROVISIONS –

Article (151)

Scope of Application of the Decretal Law

The provisions of this decretal law apply to the Central Bank, financial institutions, financial activities, and Persons subject to it; and does not apply to the Financial Free Zones and the financial institutions regulated by the authorities of these zones.

Article (152)

Enforceability of Applicable Regulations

Current regulations, decisions and circulars, issued in accordance with the provisions of Federal Law No (10) of 1980, Regarding the Central Bank, the Monetary System & Organization of Banking, and amendments thereto, and Federal Law No (6) of 1985, Regarding Islamic Banks, Financial Institutions and Investment Companies shall remain in force, until regulations, decisions and circulars are issued in replacement thereof, within a period not exceeding three (3) years from the date this decretal law comes into force.

Article (153)

Reconciliation of Positions

All agencies and persons subject to the provisions of this decretal law shall reconcile their respective positions with its provisions, within the period determined by the Board of Directors.

Article (154)

Conflict with Other Laws

Any provision contravening or conflicting with the provisions of this decretal law shall be annulled; and Federal Law No (10) of 1980 Regarding the Central Bank, The Monetary System & Organization of Banking, along with Federal Law No (6) of 1985, Regarding Islamic Banks, Financial Institutions and Investment companies shall be annulled.

Article (155)

Fees & Charges

The Central Bank may impose fees and charges for providing the service, issuing licenses and authorizations, as deemed appropriate, in accordance with the nature and scope of functions, activities, and controls determined by the Board of Directors. A decision to such effect shall be issued by the Board of Directors and shall be published in the Official Gazette and the Central Bank's official website.

Article (156)

Enforceability of Judgments of Foreign Judicial Authorities

Judgments and decisions issued by foreign judicial and law enforcement authorities in respect of national Licensed Financial Institutions and branches of foreign Licensed Financial Institutions operating in the State shall apply, in accordance with applicable legal proceedings of effective laws in the State.

Article (157)

Interpretation of the Technical Terms Referred to in this decretal law

The Central Bank may issue a glossary interpreting the technical terms referred to in this decretal law. This glossary shall be published on its official website.

Article (158)

Decretal Law Publication and Application

This decretal law shall be published in the Official Gazette, and shall come into force on the day following date of its publication, without prejudice to the provisions of Article (152) hereof.

Khalifa Bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi

On: 13 Muharram, 1440 Hijri

23 September, 2018 Gregorian