

**Cabinet Decision No. (28) of 2007
on the Executive Regulations of
Federal Law No. (8) of 2004 on Financial Free Zones**

The Cabinet

Having reviewed

- The Constitution,
- Federal Law No. (1) of 1972 on the Competencies of the Cabinet and Powers of Ministers as amended,
- Federal Law No. (10) of 1980 on the Central Bank, Monetary System, and Regulation of Banking Profession as amended,
- Federal Law No. (8) on Commercial Companies as amended,
- Federal Law No. (9) of 1984 on Insurance Companies and Agencies as amended,
- Penal Code promulgated by Federal Law No. (3) of 1987 as amended,
- Penal Procedure Law promulgated by Federal Law No. (35) of 1992 as amended,
- Federal Law No. (4) of 2000 on the Emirates Securities and Commodities Authority as amended,
- Federal Law No. (4) of 2002 on the Criminalization of Money Laundering as amended,
- Federal Law No. (8) of 2004 on the Financial Free Zones,
- Decree Law No. (1) of 2004 on Anti-Terror Crimes, and
- Cabinet Decision No. (161/19) of 2007 on the Approval of the Draft Decision by the Cabinet on the Executive Regulations implementing Federal Law No. (8) of 2004 on Free Zones.

And Based on the proposal by the Minister of Finance and Industry
and the Approval by the Cabinet

Hereby makes the following decision:

Article 1

Definitions

The following words shall, in the application of the provisions of the present decision, have the meanings thereto assigned unless the context otherwise requires:

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|-----------------------|--|
| The State | : The State of the United Arab Emirates |
| Financial Free Zone | : A free zone that is established in any Emirate of the State, through which Financial Activities are practiced. |
| Competent Authorities | : Ministries, authorities, or local relevant departments specified by the Cabinet. |
| Board | : Board of Directors of a Financial Free Zone |
| Chairman | : Chairman of Board of Directors of a Financial Free Zone. |
| Financial Activities | : Banking and financial activities and services, insurance and re-insurance, financial markets, financial and monetary brokerage activities and activities ancillary thereto that are licensed to be performed in a Financial Free Zone. |

- Ancillary Activities : Financial and monetary brokerage services, consultancy and provision of services and the supply of goods to companies, establishments and individuals inside a Financial Free Zone.
- Financial Banking Activity : Financial banking business and banking business.
- Companies and Establishments : Companies, branches of companies and establishments incorporated in or licensed to operate through a Financial Free Zone.

Article (2)

- 1- A Financial Free Zone shall be established pursuant to a Federal decree and shall be a juristic personality and the Chairman of board of directors shall be the lawful representative thereof.
- 2- The location and/or area of a Financial Free Zone may, by a decision of the Cabinet, be specified, added and/or changed, upon the application by the relevant Zone, provided that the application shall provide for the proposed location, required

area and the justifications of selection or changing the said location or area and any other required details.

Article (3)

- 1- Financial Free Zones and all the operations that are undertaken therein shall be governed by the provisions of the Federal Laws applicable in the State on criminalization of money laundering and anti-terror activities.
- 2- Such Zones and the Financial Activities shall also be governed by all the federal laws with the exception of federal civil and commercial laws.
- 3- Companies and establishments wishing to exercise activities outside a Financial Free Zone and within the State shall be governed by the federal laws applicable within the State, including, but not limited to, civil and commercial laws and the implementing decisions and the procedures adopted in this respect.

Article (4)

Financial Free Zones shall abide by the following rules:

- 1- In respect of financial banking activities:
 - a. License shall be limited to branches of companies and establishments and to joint ventures and companies owned in whole by any one thereof, provide that the forgoing shall enjoy a strong financial position and integrated organizational and administrative structure and be managed by persons with experience and knowledge of such kind of business.
 - b. Companies and Establishments licensed to operate in Financial Free Zones shall not engage in taking deposits from the national market and shall not enter into transactions in the UAE Dirham.
 - c. Criteria of granting license to companies and establishment or company branches may not be lower than those applied in the State.
- 2- Financial brokers licensed by the Securities and Commodities Authority to operate in the State may be licensed by the Competent Authorities in the Financial Free Zones to exercise their business in the markets of the Financial Free Zones only subject to the approval by the Securities and Commodities

Authority, and no actual place of business in the Financial Free Zones shall be required from such brokers.

- 3- No company already listed on any of the exchange markets in the State shall be listed without the approval of the Securities and Commodities Authority.
- 4- Insurance business in the State shall be limited to re-insurance, brokerage in re-insurance by the companies licensed by the competent authorities to operate in the Financial Free Zones without the requirement to have a place of business inside the State.
- 5- Actual existence of the place of business of companies and establishments licensed to exercise business through Financial Free Zones within the boundaries of such Zones shall be limited by boundaries of such Financial Free Zone. Companies and establishments may establish affiliates and branches in the State, and also own companies operating in the State or shares thereof under the laws and regulations applicable in the State. Financial Free Zone may also license companies and establishments to operate outside the State.

- 6- Companies established in the Financial Free Zones shall receive the same treatment as national companies subject to fulfillment of requirements according to the laws applicable in the State.

Article (6)

Financial Free Zones may enter into memoranda of understanding and cooperation with similar parties and entities through the Chairman of Board of Directors thereof on condition that such memoranda do not conflict with agreements to which the State is a party.

Article (7)

- 1- Financial Free Zones shall, to the Cabinet, submit semi-annual reports on their activities and their compliance with the provisions of Federal Law No. (8) of 2004 on Financial Free Zones.
- 2- Financial Free Zones shall be inspected for observation of law under a decision issued by the Cabinet by a Ministerial Committee formed by virtue of a decision of the Cabinet No. (44/12) of 2007. Inspection shall be performed in cooperation with the Financial Free Zones and findings shall be reported to the Cabinet for any action the Cabinet deems necessary.

- 3- Subject to the provisions of Article (3) of these Regulations as to the respective Emirate and within the purpose of establishment of a Financial Free Zone, the legislations necessary for exercise of business of Financial Free Zones shall be issued.

Article (8)

Financial Free Zones, pursuant to a decision by the Cabinet and for a period not exceeding four years from the date of establishment, may license Companies and Establishments to be outside the managerial and geographical boundaries of such Zones in the State.

Article (9)

A Financial Free Zone or the authorities concerned thereof shall enter into memoranda of understanding with the relevant bodies such as the Central Bank and Ministry of Economy and Securities and Commodities Authority and Insurance Authority for purposes of coordination, cooperation and control.

Article (10)

These Regulations shall be published in the Official Gazette and shall come into force as of the date of publication.

Mohammed Bin Rashid Al Maktoum
President of the Council of Ministers

Issued by us on:

16 Rajab 1428 A.H.

Corresponding to 30 July 2007 A.D.