

Cabinet Resolution No. 28 of 2007
On the Implementing Regulations of Federal Law No. 8 of 2004
Concerning Financial Free Zones

The Ministerial Council,

Upon perusal of the Constitution;

Federal Law No. (1) of 1972 Concerning Jurisdiction of Ministries and Powers of Ministers, as amended;

Federal Law No. (10) of 1980 Concerning the Central Bank, Monetary Regulations and Regulation of Banking, as amended;

Federal Law No. (8) of 1984 Concerning Commercial Companies, as amended;

Federal Law No. (9) of 1984 Concerning Insurance Companies and Insurance Agents, as amended;

The Penal Code Promulgated by Federal Law No. (3) of 1987, as amended;

The Criminal Procedures Law Promulgated by Federal Law No. (35) of 1992, as amended;

Federal Law No. (4) of 2000 Concerning Securities and Commodities Authority and Market, as amended;

Federal Law No. (4) of 2002 Concerning Criminalization of Money Laundering;

Federal Law No. (8) of 2004 Concerning Financial Free Zone;

Decree on Federal Law No. (1) of 2004 Concerning Anti-Terrorism Finance

Cabinet Resolution No. (161/19) of 2007 Concerning Approval of Draft Cabinet Resolution Concerning the Implementing Regulations of Federal Law No. (8) of 2004 Concerning Financial Free Zones; and

Upon the proposal of the Minister of Finance and Industry and approval of the Cabinet Resolved:

Article 1
Definitions

In applying the provisions of this Resolution the following terms shall, unless otherwise required by the contents, have the meanings set forth against them respectively:

State:	The United Arab Emirates
Financial Free Zone:	A financial free zone established in any Emirate of the State through which financial activities are carried on
Competent Authorities:	The relevant ministries, authorities and local departments designated by the Cabinet
Board:	The Board of Directors of the Financial Free Zone
Chairman:	The Chairman of the Board of Directors of the Financial Free Zone
Financial Activities:	Financial and banking activities and services, insurance, reinsurance, financial markets and financial and currency brokerage activities and services and any supporting services licensed to be carried out through Financial Free Zones
Supporting Activities:	Financial and cash brokerage services and consultancy. The provision of services and the supply of goods to Companies, Establishments and individuals in the Financial Free Zones
Financial Banking Activity:	Financial banking business and the business of banks
Companies and Establishments:	Companies, branches of companies and establishments established or licensed to operate through the Financial Free Zones

Article 2

1. A Financial Free Zone shall be established by federal decree, shall have a body corporate and shall be legally represented by the Chairman of its Board of Directors. A Financial Free Zone shall be solely responsible for any obligations resulting out of the conduct of its activities.
2. The location and area of the Financial Free Zone may, by resolution of the Chairman of the Cabinet upon application of the concerned Free Zone, be

specified, added to or changed. The foregoing application shall include the proposed location, the required area, the reasons justifying the selection or the change of the said location and area and any other required details.

Article 3

1. The Financial Free Zones and all operations conducted therein shall be subject to the provisions of the federal laws applicable in the State concerning criminalization of money laundering and anti-terrorism finance.
2. The Financial Free Zones and the Financial Activities shall be also be subject to all federal laws, with the exception of the civil and commercial federal laws.
3. Companies and Establishments wishing to carry on their activities within the State, but outside the borders of the Financial Free Zones, shall be subject to the federal laws applicable in the State, including the civil and commercial federal laws and the implementing resolutions thereof, and the procedures applicable in this respect.

Article 4

The Financial Free Zones shall comply with the following:

1. With regard to Financial Banking Activities:
 - a. Licensing shall be limited to branches of Companies and Establishments, joint ventures and companies and wholly owned subsidiaries of any of them provided that they have a strong financial position and systems and controls and are managed by persons having expertise and knowledge of such activity.
 - b. Companies and Establishments licensed in the Financial Free Zones shall not deal in deposit taking from the State's markets and shall not deal in the U.A.E. Dirham.
 - c. The licensing standards of Companies and Establishments shall not be less than those applicable in the State.
2. Financial brokers licensed in the State by the Securities and Commodities Authority shall not be licensed by the relevant authorities in the Financial Free Zones markets except with the approval of the Securities and Commodities Authority. The brokers shall not be required to have a physical presence in the Financial Free Zones.
3. Companies listed in any market of the State may be listed in the Financial Free Zones markets only upon approval of the Securities and Commodities Authority.

4. Companies licensed by the relevant authorities in the Financial Free Zones and conducting insurance activity in the State shall be limited to reinsurance and reinsurance brokerage and will not be required to have a physical presence in the State.
5. The physical existence of the Companies and Establishments licensed to do business through the Financial Free Zones shall be within the boundaries of these Zones. Companies and Establishments may establish subsidiaries and branches in the State and may own companies or shares in companies operating in the State in accordance with the rules and regulations applicable in the State. The Financial Free Zones may license Companies and Establishments to operate outside the State.
6. Companies established in Financial Free Zones will be treated as national companies provided they meet the requirements of the laws applicable in the State.

Article 5

The Financial Free Zone shall not commit any act which may lead to a contravention of any treaty to which the State is, or may be, a party.

Article 6

The Financial Free Zones may, through their Chairmen, enter into memoranda of understanding and cooperation with similar entities and centers, provided that such memoranda do not conflict with treaties to which the State is a party.

Article 7

1. The Financial Free Zones shall submit to the Cabinet semi-annual reports on their activities and compliance with the provisions of Federal Law No. (8) of 2004 Regarding Financial Free Zones.
2. Inspections on Financial Free Zones will be carried out to ensure their compliance with the provisions of the Law by resolution of the Cabinet through the Ministerial Committee formed by Cabinet Resolution No. (44/12) of 2007. Inspections will be carried out in cooperation with the Financial Free Zones. The results of an inspection will be referred to the Cabinet for action.
3. Subject to the provisions of Article (3) of these Regulations, the concerned Emirate may, within the scope of the objectives for which the Financial Free Zone is established, issue the legislation necessary for the conduct of its activities.

Article 8

The Financial Free Zones may, by resolution of the Ministerial Council and for a period not exceeding four years from the date of establishing the Financial Free Zones, license Companies and Establishments to exist outside the administrative and geographical boundaries of the Free Zones in the State.

Article 9

The Financial Free Zones, directly or through their relevant authorities, shall enter into memoranda of understanding with the relevant authorities, such as the Central Bank, the Ministry of Economy, the Securities and Commodities Authority and the Insurance Authority for the purposes of coordination, cooperation and control.

Article 10

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

[signed]

His Highness Sheikh Mohammed Bin Rashid Al Maktoum
Chairman of the Ministerial Council

Issued by us:

Date: 16 Rajab 1428 H.

Corresponding to: 30 July 2007