



Dubai
International
Financial
Centre

NON PROFIT INCORPORATED ORGANISATIONS LAW

DIFC LAW NO. 6 OF 2012

Consolidated Version
(November 2018)

As Amended by

DIFC Law Amendment Law
DIFC Law No.8 of 2018

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PART 1: GENERAL

1. Title

This Law may be cited as the “Non Profit Incorporated Organisations Law 2012”.

2. Legislative Authority

The Law is made by the Ruler of Dubai.

3. Application of the Law

This law applies in the jurisdiction of the DIFC.

4. Date of enactment

The Law is enacted on the date specified in the Enactment Notice in respect of this Law.

5. Commencement

The Law comes into force on the date specified in the Enactment Notice in respect of this Law.

6. Administration of the Law

This Law and any legislation made for the purposes of this Law are administered by the Registrar.

7. Interpretation

The Schedule contains:

- (a) interpretative provisions that apply to the Law; and
- (b) a list of defined terms used in the Law.

PART 2: PURPOSE AND ACTIVITIES

8. Purpose and activities of an Incorporated Organisation

- (1) An Incorporated Organisation is prohibited from carrying on any activities other than the Authorised Purposes which shall not be contrary to the UAE public interest and public morals.
- (2) For the purpose of this Law, an Incorporated Organisation shall not undertake any Financial Services prescribed in the General Module of the DFSA Rulebook.
- (3) If an Incorporated Organisation undertakes any activities outside of those contained in the definition of Authorised Purposes, the Registrar shall be entitled to revoke the status of the Organisation as an Incorporated Organisation and may strike off the Incorporated Organisation in accordance with Article 26.

9. Restrictions

- (1) For the purposes of this Law, an Incorporated Organisation shall not be formed to carry on activities for the purpose of commercial or financial gain for its Founding Members or Members or former Founding Members or Members.
- (2) An Incorporated Organisation shall not distribute profits or revenues from its activities to its Founding Members or Members or former Founding Members or Members.
- (3) The revenues generated from the activities of the Incorporated Organisation shall be used for the following purposes:
 - (a) to fund the operations of the Incorporated Organisation in relation to its Authorised Purposes; and
 - (b) other purposes which are in compliance with this Law and are approved by the Registrar.

10. Capacity of an Incorporated Organisation

An Incorporated Organisation is a body corporate with a legal personality separate from that of its Founding Members and Members which is formed by being incorporated under Part 3 of this Law.

PART 3: FORMATION AND REGISTRATION

11. Method of formation

- (1) Three or more Founding Members may apply for the Incorporation of an Incorporated Organisation by signing and filing with the Registrar, an application for incorporation in the manner prescribed in the Regulations.
- (2) The application filed with the Registrar under Article 11(1) shall be signed by the Founding Members and shall include:
 - (a) the name of the Incorporated Organisation;
 - (b) the address of the Incorporated Organisation's registered office;
 - (c) the Authorised Purposes of the Incorporated Organisation;
 - (d) a declaration signed by each of the Founding Members that the Incorporated Organisation shall solely carry on Authorised Purposes;
 - (e) the full name, nationality and address of each of the Founding Members;
 - (f) the Charter of Organisation; and
 - (g) such other particulars as the Registrar may require.
- (3) The fees for the incorporation and the manner of payment are prescribed in the Regulations.

12. Charter of Organisation

- (1) An Incorporated Organisation shall adopt a Charter of Organisation which shall be in the English language and contain the following:
 - (a) matters contemplated by this Law and the Regulations;
 - (b) such other matters as the Founding Members wish to include in the Charter of Organisation, provided that there is no provision which is contrary or inconsistent with this Law or the Regulations.
- (2) The Board of Directors of the DIFC Authority may prescribe in the Regulations model provisions to be known as the Standard Charter, and an Incorporated Organisation may, for its Charter of Organisation, adopt the whole or any part of such Standard Charter as are applicable to that Incorporated Organisation.
- (3) If the Standard Charter has not been adopted in its entirety, the Registrar shall be entitled to object to any amendments to the Standard Charter if such amendment is not in line with the Authorised Purposes of an Incorporated Organisation or any other matter prescribed in the Law or the Regulations.
- (4) Subject to the provision of this Law, an Incorporated Organisation may by Special Resolution amend its Charter of Organisation.
- (5) Any amendment to the Charter of Organisation shall be submitted to the Registrar together with a written legal opinion from an external qualified lawyer stating that the proposed amendments to

the Charter of Organisation comply with the requirements if the Law prior to such amendments taking effect.

13. Registration

- (1) The Registrar may refuse to register an Incorporated Organisation for such reason as he believes to be proper grounds for refusing such registration.
- (2) Where the Registrar refuses to register an Incorporated Organisation he shall not be bound to provide any reason for his refusal and his decision shall not be subject to appeal or review in court.
- (3) No person shall carry on activities as an Incorporated Organisation in or from the DIFC unless and until such person has been duly permitted to do so by the Registrar. Due permission by the Registrar for these purposes shall be conclusive evidenced by the issuance to such person by the Registrar of a certificate of incorporation.

14. Effects of registration

On the registration of an Incorporated Organisation and the Charter of Organisation, the Registrar shall:

- (a) issue a certificate that the Incorporated Organisation is incorporated and such certificate shall expressly set out the status of the Incorporated Organisation as a “Non Profit Incorporated Organisation”;
- (b) assign to the Incorporated Organisation a number, which shall be the Incorporated Organisation’s registered number; and
- (c) issue a Licence.

15. Licence

An Incorporated Organisation shall hold a Licence pursuant to Article 9 of the Operating Law.

16. Conduct of Business in the DIFC

An Incorporated Organisation shall, comply with the requirements of this Law and Part 3 of the Operating Law in respect to the conduct of its business in the DIFC.

17. Name

- (1) Subject to the Law and the Operating Law, the name of an Incorporated Organisation, as approved by the Registrar shall:
 - (a) appear in legible characters on the common seal of the Incorporated Organisation, and on every business letter, statement of account, invoice, official notice, publication or any other instrument issued by the Incorporated Organisation, including communications through electronic means; and
 - (b) have the phrase “Non-Profit Organisation” as part of or at the end of its name or any visible part of the instruments referenced in Article 17(1)(a).
- (2) The Founding Members of an Incorporated Organisation may, by Special Resolution, change its name in accordance with the Operating Law.

- (3) In the event that an Incorporated Organisation changes its name under this Article, it shall amend its Charter of Organisation in order to reflect such change any time within 30 days from the date the Registrar issues the certificate of name change or within such longer period as the Registrar may allow.

PART 4: FINANCIAL RESOURCES, ACCOUNTS AND AUDIT

18. Financial Resources

The financial resources of an Incorporated Organisation shall consist of the following:

- (a) Fees collected by the Incorporated Organisation for services provided to the members.
- (b) Grants and donations received by the Incorporated Organisation and accepted by its Board.
- (c) Any other resources approved by its Board in accordance with the Law and Regulations.

19. Accounts

- (1) The Founding Members of an Incorporated Organisation shall cause accounts to be prepared in relation to each financial year of the Incorporated Organisation within six (6) months after the end of the financial year.
- (2) The accounts shall be prepared in accordance with accounting principles or standards approved by the Registrar or prescribed in the Regulations and shall show a true and fair view of the financial position of the Incorporated Organisation.
- (3) The accounts shall be approved by the Founding Members and signed on their behalf by at least two Founding Members.
- (4) The accounts shall be examined and reported upon by an auditor registered under the Operating Law.
- (5) An Incorporated Organisation shall file its annual audited accounts with the Registrar within thirty (30) days after the accounts have been approved by the Founding Members and reported upon by an auditor.

20. Accounting Records

- (1) An Incorporated Organisation shall keep Accounting Records which are sufficient to show and explain its transactions and are such as:
 - (a) to disclose with reasonable accuracy the financial position of the Incorporated Organisation at any time; and
 - (b) to enable the Founding Members and the Board to ensure that any accounts prepared by the Incorporated Organisation under this Part comply with the requirements of the Law and the Regulations.
- (2) The Accounting Records of an Incorporated Organisation shall be:
 - (a) kept at such a place within the DIFC as the Founding Members think fit unless specifically prescribed in the Regulations;

- (b) preserved by the Incorporated Organisation for at least ten years from the date to which they relate, or for some other period as prescribed in the Regulations; and
- (c) at all reasonable times, open to inspection by the Founding Members of the Incorporated Organisation.

PART 5: FOUNDING MEMBERS AND MEMBERS

21. Members

- (1) An Incorporated Organisation shall have Founding Members and Members.
- (2) The Charter of Organisation shall define who may become a Founding Member or a Member of the Incorporated Organisation in accordance with the Law and the Regulations.
- (3) Founding Members, in exercising their powers and discharging their duties, shall act honestly, in good faith and in the best interest of the Incorporated Organisation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (4) A person may not be a Founding Member and a Member at the same time in the same Incorporated Organisation.

22. Rights and liabilities of Members

- (1) Subject to the provisions of the Law, a Member of an Incorporated Organisation shall not, by reason only of being a Member, be liable to contribute towards the payment of the debts and liabilities of the Incorporated Organisation or the costs, charges and expenses of the winding up of the Incorporated Organisation.
- (2) For the purposes of an Incorporated Organisation, membership of an Incorporated Organisation does not confer upon a Founding Member any right, title or interest, whether legal or equitable, in the property of the Incorporated Organisation.

23. Members' Register

- (1) An Incorporated Organisation shall maintain an up to date register of Founding Members and Members in the manner prescribed in the Regulations.
- (2) The Member's register shall, during business hours, be open to the inspection of any Founding Member or Member of the Incorporated Organisation or any other person.

24. The Board of an Incorporated Organisation

- (1) An Incorporated Organisation shall be managed by a Board composed solely of Founding Members, who shall be UAE residents.
- (2) The Charter of Organisation will determine the number, term, method of selection, and the powers of the Board.
- (3) The Board may appoint a person to be the agent of the Incorporated Organisation and such person shall be a UAE resident.
- (4) The Board may delegate any of its powers to any person it deems appropriate.

PART 6: DISSOLUTION

25. Voluntary dissolution

The Founding Members may agree through a Special Resolution for the voluntary dissolution of an Incorporated Organisation provided there are no outstanding liabilities owed by the Incorporated Organisation.

26. Strike off and Restoration

The provisions of Articles 32 and 33 of the Operating Law apply to an Incorporated Organisation.

27. Distribution of surplus assets

- (1) Subject to the Insolvency Law, an Incorporated Organisation shall not distribute any surplus assets available for distribution at the completion of the dissolution of the Incorporated Organisation under this Part to any:
 - (a) Founding Member or Member or former Founding Member or Member of the Incorporated Organisation; or
 - (b) person to be held on trust for any Founding Member or Member or former Founding Member or Member of the Incorporated Organisation.
- (2) The distribution of surplus assets will be determined by a liquidator and approved by the Registrar after consultation with the Board of the Incorporated Organisation and liquidator.
- (3) Notwithstanding Article 27(2), surplus assets or any part of those surplus assets that consist of assets supplied by a government department or public authority, including any unexpended portion of a grant, shall be returned to that department or authority or to a body nominated by that department or authority.

PART 7: POWERS AND REMEDIES

28. General contraventions provision

(1) A person who:

- (a) does an act or thing that the person is prohibited from doing by or under an Article of this Law referred to in Schedule 2;
- (b) does not do an act or thing that the person is required or directed to do under an Article of this Law referred to in Schedule 2; or
- (c) otherwise contravenes an Article of this Law referred to in Schedule 2;

commits a contravention of this Law.

(2) Under this Article, 'person' does not include the DIFCA, Registrar, DFSA or President.

29. Application of Operating Law

Part 5 of the Operating Law applies to an Incorporated Organisation in respect to the powers and remedies of the Registrar.

PART 8: MISCELLANEOUS

30. The power to make Regulations

- (1) The Board of the DIFC Authority may make Regulations to facilitate the administration of, or further the objects of, this Law.
- (2) Without limiting the generality of Article 30(1), such Regulations may be made in relation to:
 - (a) the objectives, powers or functions of the Registrar under this Law;
 - (b) forms, procedures, notice and requirements under this Law;
 - (c) the filing of certain material;
 - (d) the manner in which such material shall be filed;
 - (e) which material, or parts of the material, shall be made available for viewing by the public during the normal business hours;
 - (f) the use of an electronic or computer-based system for the filing, delivery or deposit of, Documents or information required under or governed by the Law and Regulations;
 - (g) the circumstances in which persons shall be deemed to have signed or certified Documents on an electronic or computer-based system for any purpose under the Law; and
 - (h) the payment of fees to the Registrar.
- (3) Articles 46 and 47 of the Operating Law apply to the making of Regulations under this Law.
- (4) Where any Regulation made under this Law purports to be made in the exercise of a particular power or powers, it shall be taken also to be made in the exercise of all the powers under which it may be made.
- (5) Without limiting the generality of Article 30(1), the Regulations under this Article may:
 - (a) make different provision for different cases or circumstances;
 - (b) include supplementary, incidental and consequential provision;
 - (c) be made to facilitate the administration of, or further the purposes of this Law and another law, or other laws; and
 - (d) where made to facilitate the administration of, or further the purposes of another law, require the doing of an act or thing in default of which a fine is payable under that law.

31. Waivers and modification of Law or Regulations

The powers to waive and modify the Operating Law and Regulations contained in Article 60 of the Operating Law, shall apply to this Law and any Regulations made thereunder.

32. Application of the Insolvency Law

The Insolvency Law shall apply to an Incorporated Organisation, except where the context otherwise requires, with the following modifications:

- (a) reference to a Company shall include references to an Incorporated Organisation;
- (b) references to a director or an officer of a Company shall include references to a Founding Member;
- (c) references to other provisions of the Companies Law shall include references to those provisions as they apply to an Incorporated Organisation in accordance with this Law;
- (d) references to the articles of a Company shall include references to the Charter of Organisation of an Incorporated Organisation;
- (e) references to a meeting of a Company shall include references to a meeting of the Founding Members of an Incorporated Organisation; and
- (f) such further modifications as the context requires for the purpose of giving effect to that legislation as applied by this Law.

33. Public Register

- (1) The Registrar shall publish and maintain a register of current and past registrations of Incorporated Organisations in such manner as may be prescribed in the Regulations.
- (2) The Registrar shall make a reasonably current version of any register maintained under this Article freely available for viewing by the public on the website of the DIFC.

34. Fees

An Incorporated Organisation shall pay the fees applicable to an Incorporated Organisation, including annual licensing fees, as prescribed in the Regulations.

35. Conversion of existing non profit Companies to Incorporated Organisations

- (1) An existing non profit Company may apply to the Registrar for continuance as an Incorporated Organisation under this Law provided it has obtained the written approval of the Registrar.
- (2) The Registrar may require the non profit Company to do any act or thing, including amending its articles of association, to ensure compliance with this Law and the Regulations.
- (3) The Registrar may give directions as to the manner in which the conversion is to be effected and the Company shall comply with those directions prior to it being continued as an Incorporated Organisation by the Registrar.

SCHEDULE 1

1. Rules of Interpretation

- (1) In this Law, a reference to:
 - (a) a statutory provision includes a reference to the statutory provision as amended or re-enacted from time to time;
 - (b) a “person” includes any natural person, body corporate or body unincorporate, including a company, partnership, unincorporated association, government or state;
 - (c) an obligation to publish or cause to be published a particular Document shall, unless expressly provided otherwise in this Law, include publishing or causing it to be published in printed or electronic form;
 - (d) a “day” means a calendar day, unless stated otherwise. If an obligation falls on a calendar day which is either a Friday or a Saturday or an official public holiday, the obligation shall take place on the next calendar day which is a business day;
 - (e) a “week” shall mean a calendar week or seven (7) days, whichever is applicable in the circumstances;
 - (f) a “month” shall mean a period of thirty (30) days;
 - (g) a “year” shall mean a period of three hundred and sixty five (365) days and a “calendar year” shall mean a year of the Gregorian calendar;
 - (h) a reference to the masculine gender includes the feminine;
 - (i) the singular shall include the plural and vice versa; and
 - (j) “dollar” or “\$” is a reference to United States Dollars unless the contrary intention appears.
- (2) The headings in the Law shall not affect its interpretation.
- (3) References in this Law to a body corporate include a company incorporated outside the DIFC.
- (4) A reference in this Law to a Part, Chapter, Article or Schedule by number only, and without further identification, is a reference to the Part, Chapter, Article or Schedule of that number in this Law.
- (5) A reference in an Article or other division of this Law to an Article by number or letter only, and without further identification, is a reference to the Article of that number or letter contained in the Article or other division of this Law in which that reference occurs.
- (6) Unless the context otherwise requires, where this Law refers to an enactment, the reference is to that enactment as amended from time to time, and includes a reference to that enactment as extended or applied by or under another enactment, including any other provision of that enactment.

- (7) References in this Law to writing, filing, instrument or certificate include any mode of communication that preserves a record of the information contained therein and is capable of being reproduced in tangible form, including electronic means.

2. Legislation in the DIFC

References to legislation in the Law shall be construed in accordance with the following provisions:

- (a) Federal Law is law made by the federal government of the United Arab Emirates;
- (b) Dubai Law is law made by the government of the Emirate of Dubai;
- (c) DIFC Law is law made by the Ruler of Dubai;
- (d) the Law is the Non Profit Organisations Law, DIFC Law No. 6 of 2012, made by the Ruler of Dubai;
- (e) the Regulations are legislation made by the Board of Directors of the DIFC Authority and are binding in nature.
- (f) the Enactment Notice is the enactment notice pursuant to which this Law is brought into force;
- (g) Guidance is indicative and non-binding and may comprise (i) guidance made and issued by the Registrar under this Law or the Regulations; and (ii) any standard or code of practice issued by the Board of Directors of the DIFCA which has not been incorporated into the Regulations; and
- (h) references to “Legislation administered by the Registrar” are references to any DIFC Law and regulations conferring functions and powers on the Registrar.

3. Defined Terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

Terms	Definition
Accounting Records	<p>Records and underlying Documents comprising initial and other accounting entries and associated supporting Documents such as:</p> <ul style="list-style-type: none"> (a) cheques; (b) Records of electronic funds transfers; (c) invoices; (d) contracts; (e) the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries; and (f) work sheets and spread sheets supporting costs allocations, computations, reconciliations and disclosures.

DIFC NON PROFIT INCORPORATED ORGANISATION LAW

Authorised Purposes	<p>the purposes for which an Incorporated Organisation can, subject to DIFC laws and regulations, carry out activities under this Law. The purpose shall be limited to the following:</p> <p>(a) professional and financial services organisations to the extent that their scope is not considered as providing Financial Services as prescribed in the General Module of the DFSA Rulebook; and</p> <p>(b) any other ancillary purposes related to promotion and development of Financial Services and related activities subject to the approval and discretion of the Registrar.</p>
Board	the governing body of the Incorporated Organisation composed of Founding Members.
Charter of Organisation	the Charter of Organisation of an Incorporated Organisation as filed with the Registrar.
Companies Law	the Companies Law DIFC Law No. 5 of 2018.
Company	has the same meanings given to it under the Companies Law.
Court	the DIFC Courts as established under Dubai Law.
DFSA	the Dubai Financial Services Authority established under Dubai Law.
DIFC	the Dubai International Financial Centre.
DIFC Authority	The Dubai International Financial Centre Authority established under Dubai Law.
Document	includes summons, notice, statement, return, account, order and other legal process, and registers.
Financial Services	has the meaning prescribed in the General module of the DFSA Rulebook.
Founding Member	<p>(1) a person that:</p> <p style="padding-left: 40px;">(a) has signed the application to incorporate an Incorporated Organisation in the DIFC; or</p> <p style="padding-left: 40px;">(b) has been appointed by Special Resolution of the Board as a Founding Member.</p> <p>(2) a Founding Member shall be resident in the UAE.</p>
General Meeting	a meeting of the Founding Members of an Incorporated Organisation. A General Meeting may be called by at least 21 days' notice in writing by any Founding Member.

DIFC NON PROFIT INCORPORATED ORGANISATION LAW

Incorporated Organisation	a non-profit organisation which is incorporated in the DIFC pursuant to this Law.
Insolvency Law	the Insolvency Law, DIFC Law No. 3 of 2009 as amended from time to time and it includes any regulations made under such law.
Law	the Non Profit Incorporated Organisations Law 2011.
Licence	has the meaning given to the term in the Operating Law.
Member	a person that has been accepted as a member in the Incorporated Organisation in accordance with the Charter of Organisation and has paid the due membership fees up to date. A Member shall not be involved in the management of the Incorporated Organisation.
Operating Law	the Operating Law DIFC Law No. 7 of 2018.
person	has the meaning given in Article 1 of this Schedule.
Records	Documents, information and other records however stored.
Registrar	the Registrar appointed under the Operating Law.
Regulations	the Regulations made under this Law by the Board of Directors of the DIFC Authority and are binding in nature
Ruler	the Ruler of the Emirate of Dubai.
Standard Charter	the standard charter of an Incorporated Organisation prescribed in the Regulations.
Special Resolution	a resolution passed by the votes of Founding Members holding membership rights representing more than 75% of the total memberships of the Organisation present at the meeting or, where proxies are allowed, by proxy, at a General Meeting for which notice specifying the intention to propose the resolution has been duly given.
UAE	the United Arab Emirates.

SCHEDULE 2

CONTRAVENTIONS WITH FINES STIPULATED

<i>Article</i>	<i>Contravention</i>	<i>Maximum Fine (USD)</i>
8(1)	Incorporated Organisation carries on purposes other than Authorised Purposes	US\$ 25,000
9(1)	Incorporated Organisation carries on activities for the purposes of commercial or financial gain	US\$ 25,000
9(2)	Incorporated Organisation distributes profits or revenues from its activities to Founding Members or Members	US\$ 10,000
17(1)(b)	Failure to have the phrase “Non-Profit Organisation” on company instruments	US\$ 1,000
19(1)	Failure to prepare accounts within the prescribed period	US\$ 10,000
19(3)	Failure to approve and sign accounts as required	US\$ 10,000
19(4)	Failure to have the accounts examined and reported on by an auditor	US\$ 10,000
19(5)	Failure to file annual audited accounts within the prescribed period	US\$ 5,000
20(1)	Failure to keep Accounting Records as required	US\$ 15,000
20(2)(a) or (b)	Non-compliant maintenance of Accounting Records	US\$ 2,000
20(2)(c)	Failure to keep Accounting Records open to inspection	US\$ 1,000
23	Failure to keep a register of Members	US\$ 2,000