

Decretal Federal Law No. (9) of 2021 amending of some provisions of the 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;

Decretal Federal Law No (14) of 2018, regarding the Central Bank & Organization of Financial Institutions and Activities, and amendments thereto;

And based on what was presented by the Minister of Finance, the approval of the Cabinet.

Promulgated the following Decretal Law:

Article (1)

The definition of **(Standing Facilities)** and **(Eligible Securities)** included in Article (1) of the aforementioned Decretal Federal Law No (14) of 2018 shall be replaced by the following two definitions:

Standing Facilities: Monetary Policy tools made available to Licensed Financial Institution, to enable management of its liquidity in accordance with the controls and instructions issued by the Central Bank, in accordance with the provisions of this Decretal Law.

Eligible Securities: Securities approved by the Central Bank, which Licensed Financial Institution may present as collateral for drawing from the Central Bank funds in accordance with the controls and instructions issued by the Central Bank, in accordance with the provisions of this Decretal Law.

Article (2)

The texts of Articles (15), (17), (24), (44), (50), (57), (58), (121), (128), (136) and (137) of the aforementioned Decretal Federal Law No (14) of 2018 shall be replaced by the following texts:

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) Approve 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) Approve regulations, rules, standards, instructions and business controls for insurance and reinsurance companies, insurance agents and the professions associated therewith.
- 6) Establish policies, and approve regulations relating to prudential supervision, and the standards and guidelines relating to Licensed Financial Activities.
- 7) Establish regulations and standards for protection of customers of Licensed Financial Institutions.
- 8) Approve regulations, controls, and procedures for encountering money laundering and combating terrorism financing and unlawful organizations.
- 9) Take necessary actions, procedures and impose administrative penalties against any Person violating the provisions of this decretal law, and regulations issued in implementation thereof.
- 10) Approve rules and regulations for maintaining integrity and efficiency of Financial Infrastructure Systems licensed, established, developed, or operated by the Central Bank.
- 11) Approve risk management and compliance policies at the Central Bank.
- 12) 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.
- 13) Approve human resources policies at the Central Bank.
- 14) 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.
- 15) Decide on loans and advances granted to the Government, in accordance with the provisions of this decretal law.
- 16) Approve settlements and reconciliations relating to Central Bank's businesses.
- 17) Approve the Central Bank's annual budget and any variations thereof during the year.
- 18) Approve the Central Bank's annual final accounts and the amount of net annual profits.

- 19) Regulate the mechanism of objections related to the insurance activity.
- 20) 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 (17)

Higher Shari`ah Authority

- 1) Pursuant to this decretal law, an authority named "Higher Shari`ah Authority" attached to the Central Bank 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 approve the authority's work system, its functions and competencies, and the mechanism for financing the costs of its establishment and continuity of work.
- 3) The Governor shall issue a decision to form the authority and appoint its members.
- 4) 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 according to the decision issued by the Board of Directors.
- 5) 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.
- 6) 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.
- 7) 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.
- 8) 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 (24)

Responsibilities of the Governor

Without prejudice to any competencies established for the Board of Directors or the Chairman of the Board of Directors, the Governor shall conduct and manage all the affairs of the Central Bank, and issue regulations, systems and policies approved by the Board of Directors. 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.

Article (44)

Protection of Licensed Financial Institutions

1) The Central Bank shall take all measures it deems appropriate to maintain conduct of operations of Licensed Financial Institutions, within the frameworks and limits set by the Board of Directors.

For this purpose, the Central Bank shall:

- A) Request to hold a meeting of the general assembly of the licensed financial institution to discuss any issue the Central Bank deems important.
- B) Request to include any item that the Central Bank deems necessary into the agenda of the general assembly meeting of the licensed financial institution.
- C) Stopping the implementation of any decision issued by the general assembly of the licensed financial institution in the event that it violates the laws or regulations in force.

2) The Central Bank, according to its own discretion, in cases of necessity during which the deposit-taking licensed financial institution is exposed to liquidity pressures or is subject to crisis management procedures, may provide loans to that establishment, in order to contribute to strengthening and protecting the stability of the financial system and protecting the monetary system in the state.

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 must obtain sufficient guarantees to ensure the fulfillment of its rights, including mortgage, pledge or assignment.

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 (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 Board of Directors. Currency notes shall bear the signature of the Chairman of the Board of Directors.

2) The Board of Directors shall 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 Board of Directors shall 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.

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. The Central Bank may establish a unit that enjoys independent legal personality, and is in charge of receiving and handling complaints of clients of licensed financial institutions. The Unit's system of work, its powers, regulations and regulations related to human resources and its financial affairs shall be issued by a decision of the Board of Directors.

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 (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 Five 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 (136)

Grievances & Appeals Committee

1) Under the provisions of this Decretal Law, an independent committee within the Central Bank, named "Grievances & Appeals Committee" shall be established. The Cabinet shall issue a resolution, based on a proposal by the Board of Directors, establishing the committee's formation, duration, system of work, and all procedures and rules related to adjudication of grievances and appeals, including fees due for consideration.

2) In the formation of the committee, the presence of one or more judges and two experts with competence in financial and banking matters should be taken into consideration.

3) 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.

4) 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.

5) With the exception of the regulations, directives, instructions, policies, and regulatory and supervisory decisions of a general nature, the Committee, shall solely and exclusively have jurisdiction to decide on grievances and appeals against any decisions by the Central Bank in accordance to the provision of this Decretal Law, 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.

6) Appeals against decisions that fall within the competence of the committee in accordance with the provisions of this article are not accepted before the grievance or appeal thereon before the committee, and the grievance is decided according to the circumstances.

7) If the Committee decided to reject or not accept the grievance of appeal, the Committee may impose on the applicant a fine, not exceeding two hundred thousand (200,000) Dirhams.

8) The Committee may suspend the appealed decision, if necessary, until it reached a decision on the dispute.

9) The grievance or appeal against any decision before the committee shall not be accepted after the lapse of (15) fifteen working days from the date on which the concerned person is notified of it, or if his knowledge of it is proven with certainty.

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 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.

p. Any other financial or administrative measures or sanctions issued by a decision of the Board of Directors. The decision specifies the authority entrusted with imposing these sanctions or measures.

2) Decisions to impose the sanctions referred to under item (1) of this article shall be made by the Governor except for the sanction stipulated in item (l) herein 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.

Article (3)

This Decretal Law shall be published in the Official Gazette, and shall come into force on the day following the date of its publication.