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## **Federal Decree-Law No. (13) of 2023**

### **On the Establishment and Regulation of the Financial Stability Board**

**We, Mohamed bin Zayed Al Nahyan**

**President of the United Arab Emirates.**

Having reviewed the Constitution,

And based on the proposal of the Minister of Finance and the approval of the Cabinet,

**We have issued the following Decree-Law:**

#### **Article (1)**

##### **Definitions**

In the application of the provisions of this Decree-Law, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

|                                         |                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The State</b>                        | : The United Arab Emirates.                                                                                                                                                                                                                                                                                                    |
| <b>The Cabinet</b>                      | : The Cabinet of the State.                                                                                                                                                                                                                                                                                                    |
| <b>The Board</b>                        | : The Financial Stability Board.                                                                                                                                                                                                                                                                                               |
| <b>The Board of Directors</b>           | : The Board of Directors of the Board.                                                                                                                                                                                                                                                                                         |
| <b>The Chairman</b>                     | : The Chairman of the Board of Directors.                                                                                                                                                                                                                                                                                      |
| <b>The Secretary-General</b>            | : The Secretary-General of the Board.                                                                                                                                                                                                                                                                                          |
| <b>The Ministry</b>                     | : The Ministry of Finance.                                                                                                                                                                                                                                                                                                     |
| <b>The Central Bank</b>                 | : The Central Bank of the United Arab Emirates.                                                                                                                                                                                                                                                                                |
| <b>The Finance Department</b>           | : The entity concerned with financial affairs in the local Emirate.                                                                                                                                                                                                                                                            |
| <b>Financial Regulatory Authorities</b> | The Central Bank, the Securities and Commodities Authority, the Financial Services Regulatory Authority of Abu Dhabi Global Market, the Dubai Financial Services Authority, or any financial regulatory authority added by a Cabinet decision after the entry into force of this Decree-Law, based on the Chairman's proposal. |
| <b>Other Authorities</b>                | Federal and local government entities related to financial stability in the State, which are determined by a Cabinet decision based on the Chairman's proposal.                                                                                                                                                                |
| <b>Financial Free Zones</b>             | :                                                                                                                                                                                                                                                                                                                              |

|                                            |                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                            | The free zones subject to the provisions of Federal Law No. (8) of 2004 concerning Financial Free Zones, or any other law that replaces it.                                                                                                                                                                                                           |
| <b>Financial Stability</b>                 | The state in which the financial system in the State is able to : protect the macroeconomy from financial crises, manage financial risks, and absorb shocks.                                                                                                                                                                                          |
| <b>Financial System</b>                    | The aggregate of laws, regulatory and technical procedures, financial institutions, financial markets, financial infrastructure, and individuals that interact with each other for the purpose of : moving funds towards investment or consumption, and providing facilities, including payment systems, to finance economic and commercial activity. |
| <b>Systemically Important Institutions</b> | Financial institutions licensed by the Financial Regulatory Authorities whose failure would pose risks to the financial system in the State.                                                                                                                                                                                                          |
| <b>Financial Infrastructure Systems</b>    | The clearing, settlement, and payment systems established, : operated, licensed, or supervised by any of the Financial Regulatory Authorities.                                                                                                                                                                                                        |

## **Article (2)**

### **Scope of Application of the Decree-Law**

The provisions of this Decree-Law shall apply to the Financial Regulatory Authorities and Other Authorities, including the financial services authorities in the Financial Free Zones.

## **Article (3)**

### **Establishment of the Board**

Pursuant to the provisions of this Decree-Law, a board named the "Financial Stability Board" shall be established. It shall report to the Cabinet and enjoy legal personality, financial and administrative independence, and the legal capacity necessary to undertake all actions and legal transactions that ensure the implementation of its competencies.

## **Article (4)**

### **Headquarters of the Board**

The main headquarters of the Board shall be in the Emirate of Abu Dhabi. By a decision of the Chairman, branches or offices for the Board may be established inside or outside the State.

## **Article (5)**

### **Objectives of the Board**

The Board aims to achieve the following:

1. Enhancing and protecting financial stability at the State level.
2. Facilitating and easing cooperation between the Financial Regulatory Authorities and Other Authorities.
3. Identifying risks and providing recommendations for additional measures to mitigate systemic risks that the financial system in the State may face.
4. Promoting discipline in the financial system.
5. Ensuring that the financial system contributes effectively and regularly to sustainable economic development.

## **Article (6)**

### **Competencies of the Board**

The Board shall have the following competencies:

1. Proposing additional financial controls, rules, regulations, and legislation that support the Financial Regulatory Authorities and Other Authorities, necessary to protect financial stability and respond to existing and emerging risks, and submitting them to the Board of Directors.
2. Providing the necessary technical support to the Financial Regulatory Authorities and Other Authorities on matters related to the integrity of financial stability.
3. Following up on the developments of the financial system and local and international financial markets through reports issued by the Financial Regulatory Authorities and Other Authorities, international reports issued by relevant bodies, or through other available means.
4. Identifying potential weaknesses and systemic risks in the financial system, and providing recommendations and advice on the necessary measures to limit these risks to the Board of Directors, based on the analyses provided by the Financial Regulatory Authorities and Other Authorities, which may include the following:
  - a. Risks associated with the structural composition of financial markets.
  - b. Risks of dysfunction in the financial sector.
  - c. Unsustainable levels of debt and credit growth.
  - d. Risks related to the real estate sector.
  - e. Risks related to other sectors affecting financial stability.
5. Monitoring the application of financial stability policy measures and procedures by the Financial Regulatory Authorities and Other Authorities, assessing their adequacy, and providing recommendations thereon, including measures for Systemically Important Institutions and Financial Infrastructure Systems.
6. Enhancing the preparedness of the Financial Regulatory Authorities and Other Authorities for managing financial crises, in cooperation with the relevant bodies for crisis and disaster management in the State.

7. Providing advice to the Financial Regulatory Authorities and Other Authorities on the best international regulatory practices, in service of financial stability.
8. Enhancing public awareness and disseminating the culture of financial stability in the State, through the issuance of studies, reports, and other means.
9. Exchanging financial information and financial policy affairs, and holding meetings and agreements between the Ministry, the Finance Department, the Financial Regulatory Authorities, and Other Authorities.
10. Assessing matters received from the Financial Regulatory Authorities concerning the designation or de-designation of any Systemically Important Institutions or any Financial Infrastructure Systems, to issue appropriate recommendations thereon.
11. Diagnosing and identifying cases of financial instability and proposing the necessary measures for their implementation.
12. Developing a mechanism for identifying non-financial institutions that are systemically important and have an impact on the financial system and its stability, and a mechanism for dealing with them.
13. Any other competencies assigned to it by virtue of laws, regulations, or decisions issued by the Cabinet or the Chairman.

## **Article (7)**

### **Formation of the Board of Directors**

1. The Board shall be managed by a Board of Directors chaired by the Chairman of the Board of Directors of the Central Bank, with the membership of:
  - Minister of State for Financial Affairs.
  - Governor of the Central Bank.
  - Chairman of the Board of Directors of the Securities and Commodities Authority.
  - Chairman of the Board of Directors of Abu Dhabi Global Market, representing the Financial Services Regulatory Authority of Abu Dhabi Global Market.
  - Chairman of the Board of Directors of the Dubai Financial Services Authority.
  - Undersecretary of the Ministry of Finance.
  - Assistant Governor of the Central Bank for Monetary Policy and Financial Stability Sector.
2. The Minister of State for Financial Affairs shall replace the Chairman in his absence or if he is unable to attend.
3. The remuneration of the members of the Board of Directors shall be determined by a decision of the Cabinet, based on the proposal of the Chairman.
4. The Cabinet may add members to the Board of Directors from federal or local authorities, based on the proposal of the Chairman.

5. Subject to the provisions of this Decree-Law, the Chairman shall issue the internal regulations for the work of the Board of Directors, including procedures and rules for the disbursement of remuneration.

### **Article (8)**

#### **Competencies of the Board of Directors**

The Board of Directors shall exercise all competencies and powers necessary to enable the Board to achieve its objectives, including the following:

1. Submitting proposals to the Cabinet regarding the development and updating of policies and legislation in the State that help achieve the Board's objectives or that affect financial stability and lead to the protection of the financial system in the State, in coordination with federal and local entities.
2. Submitting the necessary recommendations that require the issuance of decisions from the Cabinet on topics related to financial stability, the economic situation of the State, and the financial status of Systemically Important Institutions and Financial Infrastructure Systems.
3. Proposing the addition of financial regulatory authorities established in the State after the entry into force of this Decree-Law, and submitting them to the Cabinet for approval.
4. Determining the names of Other Authorities to which the provisions of this Decree-Law shall apply, and submitting them to the Cabinet for approval.
5. Approving the draft annual budget and final account of the Board and submitting them to the Ministry for inclusion in the unified budget and final account laws.
6. Issuing internal regulations and systems related to the financial, technical, human resources, and organizational structure affairs of the Board.
7. Appointing one or more external auditors to audit the Board's accounts if the need arises, and determining their fees.
8. Forming permanent and temporary committees and work teams from among the members of the Board of Directors or the Board's employees. These committees and work teams may include representatives with expertise and specialization from federal and local government entities, and determining their tasks, work mechanism, and the remuneration and allowances of their members.
9. Establishing rules of professional conduct for the Board's employees, and disclosure and governance procedures for the members of the Board of Directors and the Board's employees.
10. Establishing the necessary legal mechanism to protect the data and information received by the Board from the Financial Regulatory Authorities and Other Authorities.

11. Establishing an appropriate mechanism for facilitating the exchange of data and information among the Financial Regulatory Authorities and Other Authorities.
12. Establishing an appropriate mechanism regarding the attendance of Board of Directors members at meetings, in line with the Cabinet's decisions on the governance of boards of directors in the federal government.
13. Any other competencies or powers assigned to it by virtue of laws, regulations, or decisions issued by the Cabinet.
14. The Board of Directors may delegate any of its competencies or powers to the Chairman, the Secretary-General, or any committee or work team formed by a decision of the Board of Directors or the Chairman.

## **Article (9)**

### **Meetings of the Board of Directors**

1. The Board of Directors shall convene at least twice a year upon the invitation of the Chairman. The Board of Directors may hold other meetings at the request of the Chairman or three members of the Board of Directors and with the Chairman's approval.
2. The agenda and location of the Board of Directors' meetings shall be determined by a decision of the Chairman.
3. The legal quorum for the meetings of the Board of Directors shall be the presence of five members, including the Chairman or his deputy.
4. The Board of Directors shall take its decisions by an absolute majority of the votes of those present. In the event of a tie, the side of the meeting's chairman shall prevail.
5. In the event that a member is unable to attend a meeting of the Board of Directors, he may delegate a representative to attend and vote with the approval of the Chairman, according to the mechanism set by the Chairman.
6. The deliberations and decisions of the Board of Directors shall be confidential and may be disclosed with the approval of the Board of Directors.

## **Article (10)**

### **Decisions of the Board of Directors**

1. The Board of Directors may issue reasoned decisions, explaining the objectives and implementation mechanism, to any of the Financial Regulatory Authorities and Other Authorities, requesting them to take measures or implement macroprudential financial policies that require building proactive and prudent approaches towards risks associated with the financial system, or to perform specific tasks to maintain financial stability.
2. The Financial Regulatory Authorities and Other Authorities may object to the decisions of the Board of Directors related to the topics mentioned in Clause (1) of this Article within a period not exceeding (30) thirty days from the date of the

decision's issuance, otherwise the decision becomes binding. In this case, the Financial Regulatory Authorities and Other Authorities shall be obligated to provide the Board of Directors with a report that includes a plan for implementing the decision.

3. In case of objection to the decisions of the Board of Directors within the period mentioned in Clause (2) of this Article, the Financial Regulatory Authorities and Other Authorities must provide the necessary justifications for not implementing the decision, propose alternative plans to achieve the objective of the objected decision, and present them to the Board of Directors to take what it deems appropriate.

## **Article (11)**

### **Principles and References of the Board of Directors**

In order to achieve its objectives and competencies, the Board of Directors shall, when making its decisions, take into account the following:

1. The financial stability strategies of the Financial Regulatory Authorities and Other Authorities.
2. The general objectives of the Financial Regulatory Authorities and Other Authorities.
3. The laws and tasks of the Financial Regulatory Authorities and Other Authorities.
4. International obligations.
5. Investment sectors with an impact on financial stability.
6. Not imposing additional burdens or restrictions that are disproportionate to the competencies of the Financial Regulatory Authorities and Other Authorities.

## **Article (12)**

### **The Secretary-General and Executive Management**

1. The Board shall have a Secretary-General whose appointment and grade shall be determined by a federal decree based on the recommendation of the Chairman.
2. The Secretary-General shall be assisted by a number of consultants, experts, and employees who shall be appointed by a decision of the Secretary-General, in accordance with the regulations and systems applicable in the Board.

## **Article (13)**

### **Competencies and Powers of the Secretary-General**

The Secretary-General shall supervise the workflow of the Board and shall be responsible to the Board of Directors for following up on and implementing its

decisions. For this purpose, he shall exercise all the necessary competencies and powers to ensure the proper functioning of the Board, including the following:

1. Following up on the implementation of the Board's policies and strategies.
2. Proposing the agenda for the meetings of the Board of Directors and the committees and work teams affiliated with the Board of Directors.
3. Preparing the draft annual budget and final account of the Board and submitting them to the Board of Directors.
4. Preparing the internal regulations and systems related to the financial, technical, human resources, and organizational structure affairs of the Board and submitting them to the Board of Directors.
5. Appointing and terminating the services of consultants, experts, and employees, in accordance with the regulations and systems applicable in the Board.
6. Representing the Board before the judiciary and third parties inside and outside the State.
7. Concluding contracts and agreements to which the Board is a party, in accordance with the regulations and systems applicable in the Board.
8. Issuing decisions in accordance with the regulations and systems applicable in the Board, and signing correspondence issued by the Board.
9. Opening and managing bank accounts on behalf of the Board within the State, in accordance with the regulations and systems applicable in the Board.
10. Proposing external auditors to audit the Board's accounts and making recommendations thereon to the Board of Directors.
11. Proposing rules of professional conduct for the Board's employees, and disclosure and governance procedures for the members of the Board of Directors and the Board's employees, and submitting them to the Board of Directors.
12. Proposing the necessary legal mechanism to protect the data and information received by the Board from the Financial Regulatory Authorities and Other Authorities and submitting it to the Board of Directors.
13. Proposing appropriate mechanisms for facilitating the exchange of data and information among the Financial Regulatory Authorities and Other Authorities, and submitting them to the Board of Directors.
14. Supervising the executive management of the Board and following up on its achievements and performance results, and proposing necessary systems and procedures that contribute to improving and developing performance.
15. Approving qualification and training plans and programs for the Board's employees.
16. Any other competencies or powers assigned to him by virtue of laws, regulations, or decisions issued by the Board of Directors or the Chairman.



17. The Secretary-General may delegate any of his competencies or powers to any of the Board's employees he deems appropriate, provided that the delegation is in writing, specific, and with the approval of the Chairman.

#### **Article (14)**

##### **Fiscal Year**

The fiscal year of the Board shall begin on the first day of January and end on the thirty-first day of December of each year. The first fiscal year of the Board shall begin from the date of entry into force of the provisions of this Decree-Law and end on the thirty-first day of December of the following year.

#### **Article (15)**

##### **Financial Resources**

The financial resources of the Board shall consist of the following:

1. The annual financial appropriations allocated to the Board in the State's general budget.
2. Support provided by the Financial Regulatory Authorities and Other Authorities.
3. Gifts, bequests, grants, and donations provided to the Board and approved by the Chairman.
4. Any other resources generated by the Board from the exercise of its competencies.

#### **Article (16)**

##### **Auditing of Accounts**

1. The Board shall be subject to the supervision of the State Audit Institution and must provide it with any data or information it requests concerning its work. The State Audit Institution shall not interfere in the management of the Board's business or its policies.
2. The Board may appoint one or more external auditors to audit the Board's accounts if the need arises.

#### **Article (17)**

##### **Human Resources and Pensions Legislation**

In the absence of a specific provision in the regulations and systems applicable in the Board, the human resources legislation applicable in the federal government shall apply to the Board's employees. The pension laws applicable in the federal government shall also apply to citizen employees.

#### **Article (18)**

## **Role of the Board in Public Finance**

1. The Ministry and the Finance Department shall coordinate with the Board on the matters set out below:
  - a. Government fiscal policies.
  - b. Mechanisms for financing projects through borrowing or issuing bonds or sukuk.
  - c. Credit rating.
  - d. Emerging financial matters affecting economic development in the State.
2. The Board shall conclude bilateral agreements with the Ministry and the Finance Department to establish a coordination mechanism for the matters referred to in Clause (1) of this Article. The Chairman shall determine who signs these agreements on behalf of the Board.

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## **Article (19)**

### **Cooperation with the Council**

1. In order for the Council to achieve its objectives and competencies in accordance with the provisions of this Decree-Law, the financial regulatory authorities and other authorities shall provide the Council with the data and information it requests within the period and mechanism it specifies.
2. The data and information requested by the Council from the financial regulatory authorities and other authorities in accordance with the provisions of Clause (1) of this Article must not be related to individuals or obtained from institutions with which data and information protection agreements have been concluded.
3. The members of the Board of Directors and the employees of the Council shall maintain the confidentiality of the data and information circulated within the Council, in the Board of Directors, or related to the work of the Board of Directors or the Council's employees, or those received by the Board of Directors or the Council's employees from the financial regulatory authorities and other authorities, during the period of membership in the Board of Directors, or assuming the position for the Council's employees or thereafter, and the Board of Directors shall establish the necessary legal mechanism to protect the relevant data and information in this regard.
4. The financial regulatory authorities and other authorities shall provide the Council with the data and information that those authorities deem important for the Council to review, in order to achieve the objectives and competencies of the Council stipulated in this Decree-Law.

## **Article (20)**

### **Exchange of Data and Information**

The financial regulatory authorities and other authorities shall exchange data and information among themselves for the purposes of implementing the provisions of this Decree-Law, in accordance with the mechanisms established by the Board of Directors regarding the exchange of data and information among these authorities.

## **Article (21)**

### **Issuance of Reports**

1. The Council shall issue an annual report to be submitted to the Council of Ministers, which includes the financial situation of the State and relevant recommendations regarding financial stability and the economic condition of the State. The annual report shall include the following information:
  - a. The Council's view of the prevailing situation and stability of the financial system at the time of the report's preparation.
  - b. An assessment of the developments that have affected the current financial and economic situation.
  - c. An assessment of the strengths and weaknesses of the financial system.
  - d. An assessment of the risks threatening the financial system.
  - e. The financial status of systemically important institutions and the financial infrastructure systems in the State.
  - f. The Council's vision for the future of the financial system and everything that would achieve the financial stability of the State.
  - g. The measures proposed by the Council to address any issues that appear in the assessments referred to in paragraphs (b-c-d) of this clause.
  - h. A summary of the most important decisions, directives, measures, and recommendations issued by the Council in implementation of the provisions of this Decree-Law.

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2. The financial regulatory authorities and other authorities shall provide the Council with periodic reports and analyses of their activities for the purpose of including them in the annual report referred to in Clause (1) of this Article.
3. The Council may issue other periodic reports prepared for publication for the purpose of awareness and informing stakeholders.
4. The reports issued by the Council shall be published through the means it deems appropriate.
5. The decisions, directives, measures, and recommendations issued by the Board of Directors may be announced through a press release issued by the Chairman or his authorized representative.

## **Article (22)**

### **Repeals**

Any provision that violates or contradicts the provisions of this Decree-Law shall be repealed.

**Article (23)**

**Publication and Enforcement of the Decree-Law**

This Decree-Law shall be published in the Official Gazette and shall come into force from the day following the date of its publication.

Mohamed bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us at the Presidential Palace - Abu Dhabi:

On: 18 / Safar / 1445 H

Corresponding to: 4 / September / 2023 AD

Federal Decree-Law for the year 2023 on the Establishment and Organization of the Financial Stability Council