

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

We, Zayed bin Sultan Al Nahyan

President of the United Arab
Emirates,

Having perused the Constitution,

And Federal Law No. (1) of 1972 Concerning the Competencies of
Ministries and the Powers of Ministers, and its amending laws,

And Federal Law No. (10) of 1980 Concerning the Central Bank, the
Monetary System, and the Regulation of the Banking Profession, and its
amending laws,

And Federal Law No. (8) of 1984 Concerning Commercial Companies, and
its amending laws,

And Federal Law No. (9) of 1984 Concerning Insurance Companies and
Agents, and its amending laws,

And the Penal Code issued by Federal Law No. (3) of 1987,

And the Criminal Procedures Law issued by Federal Law No. (35) of 1992,

And Federal Law No. (4) of 2000 Concerning the Emirates Securities and
Commodities Authority and Market,

And Federal Law No. (4) of 2002 Concerning the Criminalization of Money
Laundering,

And based on the proposal of the Minister of Economy and Commerce and
the Minister of Finance and Industry, the approval of the Council of
Ministers and the Federal National Council, and the ratification of the
Federal Supreme Council,

We have issued the following law:

Article (1)

Definitions

The State : The United Arab Emirates.

Financial Free Zone	: The free zone established in any Emirate of the State where financial activities are conducted.
Financial Activities	: Banking, financial, insurance, reinsurance activities and services, financial markets, and ancillary activities licensed to be conducted in the Financial Free Zone.
Ancillary Activities	: Financial and monetary brokerage services, consultancy, provision of services, and supply of goods to companies, establishments, and individuals within the Financial Free Zones.
Financial Banking Activity	: Financial banking business and banking operations.
Companies and Establishments	: Companies, branches of companies, and establishments that are established or licensed to operate in the Financial Free Zones.

Article (2)

The Financial Free Zone shall be established by a Federal Decree. It shall have a legal personality and shall be legally represented by the Chairman of its Board of Directors. It shall be solely responsible for the liabilities arising from the practice of its activities. The Council of Ministers shall determine its location and area.

Article (3)

1. Financial Free Zones and all operations conducted therein shall be subject to the provisions of Federal Law No. (4) of 2002 Concerning the Criminalization of Money Laundering.
2. These zones and financial activities shall also be subject to all provisions of Federal laws, with the exception of Federal civil and commercial laws.

Article (4)

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 wholly-owned companies thereof,

provided they have a strong financial position, an integrated organizational and administrative structure, and are managed by persons with experience and knowledge in this type of activity.

b. Licensed companies and establishments in the Financial Free Zones shall not accept deposits from the State's market and shall not deal in the UAE Dirham.

c. The licensing standards for companies, branches of companies, and establishments shall not be lower than those applied in the State.

2. Financial intermediaries licensed in the State's trading market shall not be licensed to practice their activities in the Financial Free Zones except after obtaining the approval of the Emirates Securities and Commodities Authority and Market.

3. Companies listed on any trading market in the State shall not be listed except after obtaining the approval of the Emirates Securities and Commodities Authority and Market.

4. The practice of insurance activity in the State shall be limited to reinsurance.

5. The physical presence of companies and establishments licensed to operate through the Free Zones shall be confined within the boundaries of these zones, and they may be licensed to operate outside the State.

Article (5)

Financial Free Zones shall commit not to undertake any action that would lead to a breach of any international agreements to which the State has acceded or may accede.

Article (6)

Financial Free Zones may conclude memoranda of understanding and cooperation with similar bodies and centers, provided that such memoranda do not conflict with the agreements to which the State is a party.

Article (7)

1. Financial Free Zones shall publish semi-annual reports on their activities and their compliance with the provisions of this Law.
2. The competent authorities in the Federal Government may conduct inspections of the Financial Free Zones to verify compliance with the provisions of this Law and present the results to the Council of Ministers to take appropriate action.
3. Without prejudice to the provisions of Article 3, the concerned Emirate may - within the scope of the purpose for establishing the Financial Free Zone - issue the necessary legislation for conducting its activities.

Article (8)

Financial Free Zones may, based on a decision from the Council of Ministers and for a period not exceeding four years from the date of their establishment, license companies and establishments to conduct their business outside the administrative and geographical boundaries of those zones within the State.

Article (9)

The Council of Ministers shall issue the executive regulations for the provisions of this Law.

Article (10)

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

Zayed bin Sultan Al Nahyan

President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi:

Date: 23 / Muharram / 1425 H

Corresponding to: 14 / March / 2004 AD