

## **Federal Decree-Law No. (9) of 2018**

### **On Public Debt**

We, Khalifa bin Zayed Al Nahyan

President of the United Arab Emirates,

Having reviewed the Constitution,

And Federal Law No. (1) of 1972 concerning the competencies of ministries and the powers of ministers, and its amendments,

And Federal Law No. (7) of 1976 on the establishment of the State Audit Institution, and its amendments,

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

And the Civil Transactions Law promulgated by Federal Law No. (5) of 1985, and its amendments,

And the Law of Evidence in Civil and Commercial Transactions promulgated by Federal Law No. (10) of 1992, and its amendments,

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

And Federal Law No. (1) of 2006 on Electronic Transactions and Commerce,

And Law No. (4) of 2007 on the establishment of the Emirates Investment Authority, and its amendments,

And Federal Decree-Law No. (8) of 2011 on the Rules for the Preparation of the General Budget and the Final Account,

And Federal Law No. (12) of 2014 on the Reorganization of the Auditing Profession,

And Federal Law No. (2) of 2015 on Commercial Companies, and its amendments,

And Federal Decree-Law No. (9) of 2016 on Bankruptcy,

And Federal Decree-Law No. (13) of 2016 on the establishment of the Federal Tax Authority,

And Federal Law No. (20) of 2016 on Mortgaging Movable Property as Security for a Debt,

And Federal Law No. (7) of 2017 on Tax Procedures,

And based on the proposal of the Minister of Finance and the approval of the Council of Ministers,

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

## **Article (1)**

### **Definitions**

For the purposes 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 Government</b>	: The Government of the United Arab Emirates.
<b>The Local Government</b>	: The government of any of the member Emirates of the State.
<b>The Minister</b>	: The Minister of Finance.
<b>The Ministry</b>	: The Ministry of Finance.
<b>The Central Bank</b>	: The Central Bank of the United Arab Emirates.
<b>The Governor</b>	: The Governor of the Central Bank.
<b>The Office</b>	: The Public Debt Management Office.
<b>Public Debt</b>	: Direct and indirect outstanding obligations denominated in UAE Dirham or any foreign currency owed by the Government.
<b>Local Public Debt</b>	: Direct and indirect outstanding obligations denominated in UAE Dirham or any foreign currency owed by one or more local governments in accordance with the provisions of this Decree-Law.
<b>Public Debt Instrument</b>	: Any debt security issued by or to which the Government is a party in accordance with this Decree-

Law, which includes an obligation on its part to repay a certain amount of money, including Islamic financial instruments, treasury bonds, promissory notes, treasury bills, debt rescheduling notes, government bonds, public or commercial loans, credit facilities, or payment guarantees.

**Local Public Debt Instrument** : Any debt security issued by or to which the local government of any Emirate is a party, which includes an obligation on its part to repay a certain amount of money, including the financial instruments mentioned by way of example in the definition of a Public Debt Instrument.

**Outstanding Public Debt** : The total current and remaining balance of public debt that has not been repaid.

**Public Debt Surplus** : The remainder of the value of public debt instrument issuances that has not been employed in accordance with the provisions of this Decree-Law.

**The Government's Stable Own Revenues** : Financial revenues resulting from the provision of services and the practice of various activities by the Government and government entities whose revenues are part of the Government's stable own revenues, including recurring annual revenues for which a fixed and binding amount is not required for the revenue to be considered stable, and the revenue may vary between certain percentages, up or down, not exceeding (10%) ten percent of the arithmetic mean of the last (3) three years.

**Government Entities** : Public authorities, institutions, and companies wholly or partially owned by the Government or by an entity affiliated with it that is wholly owned by the Government.

**The Electronic Register** : The electronic register established at the Ministry to record the ownership of public debt instruments.

## **Article (2)**

### **Purposes of the Decree-Law**

1. This Decree-Law regulates the general rules governing the issuance and management of public debt in accordance with a sound and safe policy to manage its risks and minimize its cost.
2. The Government may issue or be a party to one or a group of public debt instruments to achieve any of the following:
  1. Supporting and developing a highly efficient financial market in the State.
  2. Financing infrastructure projects and government development projects approved by the Council of Ministers.
  3. Contributing through public debt instruments to the development and diversification of the primary and secondary financial market in the State.
  4. Supporting the implementation of the Central Bank's monetary policy.
  5. Refinancing or replacing an existing public debt.
  6. Covering any financial guarantee issued by the Government in accordance with the provisions of this Decree-Law.
  7. Repaying any other contingent government financial obligations decided by the Council of Ministers based on the Minister's proposal.
  8. Any other objectives consistent with the purposes of this Decree-Law as decided by the Council of Ministers.
  9. Any other objectives specified by a special law.

## **Article (3)**

### **Public Debt Management Office**

1. A Public Debt Management Office, hereinafter referred to as "the Office," shall be established in the Ministry, reporting directly to the Minister, and shall have the following competencies:
  1. Proposing public debt management strategies and policies in coordination with the Central Bank and submitting them to the Minister for approval by the Council of Ministers.
  2. Implementing the strategies and policies approved by the Council of Ministers in coordination with the Central Bank.

3. Advising the Minister on preparing proposals related to the issuance of public debt instruments for submission to the Council of Ministers, in coordination with the Central Bank.
4. Monitoring financial and other risks associated with the issuance and trading of any public debt instrument and proposing solutions to manage and control these risks.
5. Advising the Minister on means of investing any public debt surplus through safe and highly liquid investment vehicles, in coordination with the Central Bank and the Emirates Investment Authority.
6. Advising the Minister on determining the levels of risk that can be accepted when borrowing or issuing any guarantees for the purpose of implementing any government development projects.
7. Coordinating with the Central Bank regarding the management of the issuance and sale of government bonds, treasury bills, and any other government securities.
8. Managing the issuance and sale operations of any other public debt instruments in coordination with the Central Bank.
9. Coordinating with the Local Government in each Emirate to support and develop a highly efficient primary and secondary financial market through the issuance of public debt instruments in the State.
10. Advising the Minister on policies and procedures to be followed to minimize the costs of public debt portfolios and maintain their associated risk levels at acceptable levels.
11. Preparing the annual public debt issuance plan.
12. Setting clear short-term and long-term objectives for public debt management in the State.
13. Providing necessary reports on the proper management of public debt implementation in the State.
14. Monitoring borrowing or financing arrangements made by the Government or any government entity whose establishing law grants it the authority to borrow, and the Office may request necessary information about these arrangements, and upon receiving this information, it shall prepare the necessary reports and present them to the Minister.
15. Providing support and advice to the Government or any government entity whose establishing law grants it the authority to borrow to

determine the policies and procedures that should be observed in managing its borrowing or financing.

16. Any other tasks assigned to it by the Minister within the framework of the purposes of this Decree-Law.

2. The Minister shall issue a decision on the organizational structure of the Office and the regulations governing its work.

## **Article (4)**

### **Issuance of Public Debt Instruments**

1. Public debt shall be contracted by law, and the law shall specify the following:

1. The purposes for issuing the instrument or instruments.
2. The ceiling for the total amount of the instrument or instruments to be issued.
3. The duration of the issuance and offering of the instrument or instruments and their maturity dates.

2. The Council of Ministers, upon the proposal of the Minister, may issue decisions regarding the following:

1. The type of public debt instrument or instruments.
2. The method of offering or tendering the public debt instrument or instruments.
3. The re-issuance of existing public debt within the duration and ceiling specified in the issuance law.

It may delegate the Minister to take the necessary measures to implement the provisions of this Decree-Law concerning the management of the public debt instrument or instruments and the relevant decisions of the Council of Ministers.

## **Article (5)**

No condition for the issuance of any public debt instrument may be amended after the announcement of its offering and trading terms.

## **Article (6)**

### **Maximum Limit for Total Outstanding Public Debt**

The total amount of outstanding public debt at any time shall not exceed the amount determined by a decision of the Council of Ministers, with a

maximum limit of (250%) two hundred and fifty percent of the Government's stable own revenues. For the purposes of this article, the public debt surplus, its investment returns, accrued interest, and servicing costs shall not be calculated as part of the total outstanding public debt. Also, for the purposes of this article, government guarantees granted in respect thereof shall not be calculated as part of the total public debt unless the obligation under the government guarantee becomes an outstanding public debt or a decision is issued by the Council of Ministers to the contrary.

### **Article (7)**

The Government may allocate a maximum of (15%) fifteen percent of the total outstanding public debt at any time to be spent on or to finance infrastructure projects.

### **Article (8)**

#### **Management of Public Debt Surplus**

The Minister is authorized to enter into one or more agreements with the Central Bank and the Emirates Investment Authority, or both, to invest any amounts recorded by the Ministry as a public debt surplus.

### **Article (9)**

#### **Public Debt Management Strategy**

1. The Minister shall prepare a public debt management strategy and action plan and update it annually or whenever necessary in coordination with the Governor to achieve the objectives of this Decree-Law.
2. The Minister shall submit the strategy and management action plan to the Council of Ministers for approval.
3. The public debt management strategy and action plan shall be published in the Official Gazette after its approval by the Council of Ministers.

## **Article (10)**

### **Repayment of Public Debt Instruments**

1. A public debt instrument is considered an absolute and unconditional obligation of the Government and shall be repaid from its resources, and it shall have a priority right of repayment over all other debts.
2. The amounts necessary to meet the maturities and servicing of the public debt shall be included in the State's general budget annually.
3. The Minister may authorize the Central Bank to automatically withdraw from the Government's accounts with it to pay the maturities of any of the public debt instruments. The Council of Ministers may also - notwithstanding the provisions of any other law - based on the Minister's proposal and in coordination with the Central Bank, authorize the Central Bank to repay any public debt instrument by means of an overdraft facility, in emergency cases resulting from a delay in the availability of the necessary funds allocated by the Government to meet the maturities of these instruments for an unforeseen reason. The Minister may directly exercise the powers vested in the Council of Ministers in this clause in urgent cases, with notification to the Council of Ministers thereof.
4. If the due date for the repayment of any amount of public debt falls on a public holiday for the Government or banks operating in the State, the next business day shall be the due date for payment, unless the loan agreement concluded by the Government provides otherwise.

## **Article (11)**

### **Government Financial Guarantees**

1. Without prejudice to the provisions of Article (6) of this Decree-Law, the Government may provide one or more government financial guarantees or issue similar guarantees or financial arrangements based on a recommendation from the Minister and the approval of the Council of Ministers on behalf of:
  1. Any of the Government Entities.
  2. Any other entity specified by a Federal Law or in accordance with the provisions of a Federal Law.
2. The Council of Ministers, based on the Minister's proposal, shall issue a decision specifying the terms and conditions governing the process of issuing a government financial guarantee.



3. The Minister is authorized by this Decree-Law to issue the required government financial guarantee in implementation of the Council of Ministers' decision stipulated in clause (1) of this Article.
4. The Minister shall notify the Federal National Council of the guarantees provided by the Government in implementation of the provisions of this Article within a maximum of (30) thirty days from the date they are provided.

## **Article (12)**

### **Re-lending of Borrowed Funds**

By a decision of the Council of Ministers, the re-lending of funds obtained from the issuance of any public debt instrument to borrowers may be approved in order to achieve any of the objectives specified in Article (2) of this Decree-Law, provided that this decision specifies the category of eligible borrowers, the total value allocated for re-lending, and the terms for repaying the borrowed amount.

## **Article (13)**

### **Public Debt Management Report**

1. The Minister shall submit an annual report on public debt management to the Council of Ministers for its approval within the first three months of the beginning of each fiscal year of the Government. The report must include a review of the previous fiscal year's activities compared to the applied public debt management strategy and a general overview of the borrowing plans for the current fiscal year based on the forecasts in the State's annual budget.
2. The report shall be published in the Official Gazette after its approval by the Council of Ministers.

## **Article (14)**

### **Auditing**

1. The Office shall have one or more external auditors selected from among the licensed audit firms in the State. The Minister shall issue a decision appointing them for a renewable period of one year, and this decision shall specify their fees.

2. The external auditor shall audit the accounts of the Office and prepare a report every (6) six months on the extent of the Office's compliance with the provisions of this Decree-Law and its implementing decisions with respect to these accounts, and submit it to the Minister.

3. The external auditor may at any time review the Office's records, accounts, and all other documents, request clarifications it deems necessary for the performance of its duties, and review the existing rights and obligations related to the Office's activities in accordance with the provisions of this Decree-Law and its implementing decisions.

## **Article (15)**

### **Offering, Listing, and Registration**

1. Public debt instruments shall be issued in electronic form and their ownership shall be recorded in an electronic register maintained by the Ministry. They may also be in the form of paper certificates.

2. Public debt instruments may be offered in a public or private subscription, in accordance with the rules and procedures for offering and trading determined by a decision of the Council of Ministers.

3. Subject to the provisions of clause (2) of this Article, public debt instruments offered for public subscription shall be listed on one or more financial markets operating in the State in accordance with the provisions of Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market and its amendments. Notwithstanding the provisions of the aforementioned law and the decisions issued thereunder, the Council of Ministers may, by a decision, approve the offering or listing of public debt instruments on one or more international financial markets.

4. The data and entries recorded in the public debt instruments register maintained in accordance with the provisions of clause (1) of this Article, including entries related to the trading of a public debt instrument, shall have the same legal authority as official documents.

5. Notwithstanding the rules of evidence prescribed in any other law, evidence in lawsuits related to public debt instruments may be established by all legally recognized means of proof, including electronic data, telephone recordings, facsimile (fax) correspondence, and e-mail, provided that either of these two types of correspondence is supported by evidence that reinforces the recipient's receipt of the message in question.

## **Article (16)**

### **Public Debt Management Offices in the Emirates**

1. The Local Government in each Emirate, if it issues local public debt instruments, shall establish an office that is competent - at a minimum - with the same competencies stipulated in Article (3) of this Decree-Law at the level of the concerned department.
2. Each public debt management office in the concerned Emirate shall take the necessary measures to implement the provisions of clause (1/i) of Article (3) of this Decree-Law. It shall also, whenever requested, provide the Public Debt Management Office established under this Decree-Law with all data, information, and statistics necessary for the preparation and issuance of reports, statements, statistics, decisions, and recommendations stipulated in this Decree-Law.

## **Article (17)**

### **Statute of Limitations for Action**

Repealed by Federal Decree-Law No. (18) of 2024.

## **Article (18)**

### **Exemption from Fees and Taxes**

The issuance of any public debt instrument, its repayment, returns, interest, or profits resulting therefrom shall not be subject to any federal or local fees or taxes.

## **Article (19)**

Repealed by Federal Decree-Law No. (18) of 2024.

## **Article (20)**

Repealed by Federal Decree-Law No. (18) of 2024.

## **Article (21)**

### **Implementing Regulations**

The Council of Ministers shall issue the necessary decisions to implement the provisions of this Decree-Law.

## **Article (22)**

### **Publication and Entry into Force of the Decree-Law**

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

**Khalifa bin Zayed Al Nahyan**

**President of the United Arab Emirates**

Issued by us at the Presidential Palace in Abu Dhabi:

Date: 10 / Muharram / 1440H

Corresponding to: 20 / September / 2018G