

Federal Law No. 8 of 2004
Concerning Financial Free Zones

Federal Law No. 8
Issued on 14/3/2004 AD
Corresponding with 23 Muharram 1425 AH

We, Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates,

After consideration of the Constitution,

Federal Law No. 1 of 1972 regarding the Jurisdiction of the Ministries and the Powers of Ministers and the laws amending it,

Federal Law No. 10 of 1980 regarding the Central Bank and Monetary System and the Organisation of Banking and the laws amending it,

Federal Law No. 8 of 1984 regarding Commercial Companies and the laws amending it,

Federal Law No. 9 of 1984 regarding Insurance Companies and Agents and the laws amending it,

The Penal Code promulgated by Law No. 3 of 1987,

The Criminal Procedures Law promulgated by Federal Law No. 35 of 1992,

Federal Law No. 4 of 2000 regarding the Emirates Securities & Commodities Authority

Federal Law No. 4 of 2002 regarding the Criminalisation of Money Laundering,

And pursuant to the proposal of the Minister of Economy and Commerce and the Minister of finance and Industry, and to the approval of the Cabinet, the Federal National Council and the ratification of the Supreme Council of the Federation,

Hereby enact the following law:

Article 1
Definitions

The State: The United Arab Emirates

The Financial Free Zone: The free zone established in any of the emirates of the State in which Financial Activities are carried on.

Financial Activities: Financial and banking activities and services, insurance and re-insurance, financial markets and supporting activities licensed to be carried out in the Financial Free Zone.

Supporting Activities: Financial and cash brokerage services and advice, and the provision of goods and services to Companies and Establishments and individuals in the Financial Free Zones.

Federal Law No. 8 of 2004
Concerning Financial Free Zones

Financial Banking Activity: Financial banking business and the business of banks.

Companies and Establishments: The companies, branches of companies and establishments formed or licensed to operate in the Financial Free Zone.

Article 2
Establishment of the Financial Free Zone*

A Financial Free Zone shall be established by a federal decree. It shall have a body corporate and shall be duly represented by the president of its board. It and no one else shall be responsible for the obligations arising out of the conduct of its activities. The Cabinet will prescribe its area and location.

Article 3
Rules and Regulations it is Subject to*

1. The Financial Free Zones and all the operations conducted therein shall be subject to the provisions of Federal Law No. 4 of 2002 regarding the Criminalisation of Money Laundering.
2. These zones and Financial Activities shall also be subject to all federal laws with the exception of federal civil and commercial laws.

Article 4
Obligations of the Financial Free Zones*

The Financial Free Zones shall abide by the following:

1. With regard to Financial Banking Activities:
 - a. Licensing shall be limited to branches of Companies and Establishments, joint companies and wholly owned subsidiaries of any of them provided that they enjoy a strong financial positions and comprehensive systems and controls, and are managed by persons with expertise and knowledge of such activities.
 - b. Companies and Establishments licensed in the Financial Free Zones shall not deal in deposit taking from the State's markets and shall not deal in the UAE Dirham.
 - c. The licensing standards of Companies and Establishments shall not be less than those applicable in the State.
2. Financial brokers licensed to trade on any stock exchange in the State shall not be licensed to carry their activities in the Financial Free Zones except after obtaining the approval of the Emirates Securities and Commodities Authority.

Federal Law No. 8 of 2004
Concerning Financial Free Zones

3. Companies listed on any stock exchange in the State shall not be listed without the prior approval of the Emirates Securities and Commodities Authority.
4. The carrying out of insurance in the State shall be restricted to reinsurance.
5. The physical existence of Companies and Establishments licensed to do business through the Free Zones shall be within the boundaries of these zones and they may be licensed to operate outside the State.

Article 5
Obligation to Comply with International agreements*

The Financial Free Zones shall not do anything which may lead to contravention of any international agreements to which the State is or shall be a party.

Article 6
Signing Memorandums and Understandings *

The Financial Free Zones may enter into memoranda and understandings with similar entities and parties provided that they do not conflict with the treaties to which the State is a party.

Article 7
Financial Free Zone Limitations, Inspections and Regulations to Commence Work*

1. The Financial Free Zone shall publish bi-annual reports of its activities and compliance with the provisions of this Law.
2. Competent authorities in the Federal Government may conduct inspections of a Financial Free Zone to ascertain its compliance with the provisions of this Law and their findings shall be submitted to the Cabinet to take appropriate action.
3. Subject to the provisions of Article 3, the concerned Emirate may, within the limits of the goals of establishing the Financial Free Zone, issue legislation necessary for the conduct of its activities.

Article 8
Licensing Companies and Establishments to Conduct Activities in Financial Free Zones*

The Financial Free Zone may by a resolution of the Cabinet, and for a period not exceeding four years from its establishment, license Companies and Establishments to conduct their activities, outside the administrative and geographical boundaries of these zones in the State.

Federal Law No. 8 of 2004
Concerning Financial Free Zones

Article 9
Issuing the Executive Rule*

The Cabinet shall issue the executive rule of this Law.

Article 10
Publishing in the Official Gazette*

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

Issued by us at the Presidential Palace, Abu Dhabi

Date: 23 Muharram 1425 AH

Corresponding with: 14 March 2004 AD

Zayed Bin Sultan Al Nahyan

President of the United Arab Emirates

This Federal Law was issued in the Official Gazette issue No. 409, page 62.