

**Decretal Federal Law No. (25) of 2020**  
**Regarding the amendment 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;

Federal Law No (7) of 1999, Regarding Pension Law and Social Insurance, and amendments thereto;

Federal Law No (6) of 2007, Regarding Establishment of The Insurance Authority & Organization of its Business, and amendments thereto;

Federal Decree Law No (11) of 2008, Regarding Human Resources on Federal Government, and amendments thereto;

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

Federal Decree Law No (26) of 2019, Regarding Public Finance;

And based on the approval of the Cabinet.

**Promulgated the following Decretal Law:**

**Article (1)**

The definition of “The Regulatory Authorities **in the State**” mentioned in Article (1) of the aforementioned Decretal Federal Law No (14) of 2018 shall be replaced by the following definition:

**The Regulatory Authorities in the State:** “The Central Bank, the Securities & Commodities Authority”.

**Article (2)**

The text of Articles (4), (15), (23), (74), and (136) of the aforementioned Decretal Federal Law No (14) of 2018 shall be replaced by the following texts:

#### Article (4):

The Central Bank aims at achieving the following objectives:

- 1) Maintain stability of the national Currency within the framework of the monetary system.
- 2) Contribute to the promotion and protection of the stability of the financial system in the State.
- 3) Ensure prudent management of the Central Bank's Foreign Reserves.
- 4) Provide appropriate environment to develop and enhance the role of the insurance industry in insuring people, property and responsibilities against risks to protect the national economy, encourage fair and effective competition, provide the best insurance services at competitive prices and coverage, and localize jobs in the insurance market.

For the purpose of achieving its objectives, the Central Bank shall undertake the following functions and jurisdictions:

- a. Draw up and implement monetary policy while considering the State's general strategy.
- b. Exercise the privilege of Currency issuance.
- c. Organize Licensed Financial Activities, establish the foundations for carrying them on, and determine the standards required for developing and promoting prudential practices in accordance with the provisions of this decretal law and international standards.
- d. Set up appropriate regulations and standards for protection of customers of Licensed Financial institutions.
- e. Monitor the credit condition in the State, in order to contribute to the achievement of balanced growth in the national economy.
- f. Manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the Monetary Base as per the provisions of this decretal law.
- g. Regulate, develop, oversee and maintain soundness of the Financial Infrastructure Systems in the State, including electronic payment systems, digital currency, and Stored Value Facilities.
- h. Regulate, develop and oversee the insurance sector and business, and propose and implement regulating legislation in this regard
- i. Receive requests for establishing and opening branches and representative offices for insurance and reinsurance companies, insurance agents and the professions associated therewith, and issuing the necessary licenses for them in accordance with the regulating legislation in this regard.
- j. Protect the rights of the insured and the beneficiaries of the insurance business and monitor the financial solvency of insurance companies to provide adequate insurance coverage to protect these rights.

- k. Work to raise the performance and efficiency of insurance companies and oblige them to the rules and ethics of the profession to increase their ability to provide better services to the beneficiaries of insurance, and to achieve positive competition among them.

**Article (15):**

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) Issue 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) Issue regulations, rules, standards, instructions, and work controls for insurance, reinsurance, insurance agents, and the professions and activities associated therewith.
- 6) Establish regulations and standards for protection of customers of Licensed Financial Institutions.
- 7) Issue regulations, controls, and procedures for encountering money laundering and combating terrorism financing and unlawful organizations.
- 8) Take necessary actions, procedures and impose administrative penalties against any Person violating the provisions of this decretal law, and regulations issued in implementation thereof.
- 9) Approve rules and regulations for maintaining integrity and efficiency of Financial Infrastructure Systems licensed, established, developed, or operated by the Central Bank.
- 10) Approve risk management and compliance policies at the Central Bank.
- 11) 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.
- 12) Approve human resources policies at the Central Bank.
- 13) 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.

- 14) Decide on loans and advances granted to the Government, in accordance with the provisions of this decretal law.
- 15) Approve settlements and reconciliations relating to Central Bank's businesses.
- 16) Approve the Central Bank's annual budget and any variations thereof during the year.
- 17) Approve the Central Bank's annual final accounts and the amount of net annual profits.
- 18) Regulate the mechanism of objections related to the insurance activity in accordance with the regulating legislations in this regard.
- 19) 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 (23):**

Without prejudice to the powers and competencies of the Chairman of the Board of Directors, the Governor shall be the legal representative of the Central Bank, and shall sign, on its behalf, all instruments, contracts and documents.

**Article (74):**

- 1) Banks shall take the form of public joint- stock companies, with incorporating law or decree so permits. Branches of foreign banks operating in the State, and specialized banks with low risks that are determined according to the conditions and rules set by the Board of Directors shall be exempt from this requirement.
- 2) Other Financial Institutions may take the form of joint- stock companies or limited liability companies, in accordance with the rules and conditions issued by the Board of Directors.
- 3) Exchange Houses and monetary intermediaries may be a sole proprietorship, or take any other legal form in accordance with the rules and conditions issued by the Board of Directors.

**Article (136):**

- 1) Under the provisions of this Decretal Law, a 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) The Committee shall have the jurisdiction to decide on grievances and appeals against any decisions related to financial and banking activities issued by the Central Bank related to licensing, authorization of individuals, and licensing and designation of Financial Infrastructure Systems, 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) If the Committee rejected the grievances or appeal on the grounds that it was filed by a party of no capacity or interest, the Committee may impose on the applicant a fine, not exceeding two hundred thousand (200,000) Dirhams.
- 7) The Committee may suspend the appealed decision, if necessary, until it reached a decision on the dispute.
- 8) 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.

### **Article (3)**

The Central Bank and its Board of Directors replace the Insurance Authority established by the aforementioned Federal Law No. (6) of 2007 in all competencies and legislations related thereto, and all rights, obligations, privileges, funds, material and moral assets, guarantees and undertakings belonging to the Authority, including the rights and obligations contained in any contracts, agreements or Memoranda of understanding concluded by the Authority. Assets, allocations, reserves, and revenues of the Insurance Authority from fees, fines and any other returns that it collects from exercising its functions, shall devolve to the Central Bank. The Governor replaces the Director General of the Authority in the tasks and powers established for him in the laws and legislations referred to, as of the effective date of this Decretal Law.

#### Article (4)

The Board of Directors of the Central Bank shall issue the necessary decisions to implement the provisions of this Decretal Law, including the decisions necessary to transfer and settle the status of the staff of the Insurance Authority which has transferred all its competencies to the Central Bank in accordance with the provisions of this Decretal Law, without prejudice to their gross salaries, job grades, and acquired rights.

#### Article (5)

1. The text of Article (119) of Federal Law No. (6) of 2007 regarding the establishment of the Insurance Authority and the organization of its business shall be canceled, and every provision that contradicts or conflicts with the provisions of this Decretal Law shall be canceled as well.
2. Rules, decisions, circulars and regulations issued in accordance with the provisions of Federal Law No. (6) of 2007 referred to shall continue to apply, in a manner that does not contradict the provisions of this Decretal Law, and until the issuance of the rules, decisions, circulars and regulations that replace them in accordance with the provisions of this Decretal law.

#### Article (6)

This decretal law shall be published in the Official Gazette, and shall come into force on January 2<sup>nd</sup>, 2021.

**Khalifa Bin Zayed Al Nahyan**  
**President of the United Arab Emirates**

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Issued by us at the Presidential Palace in Abu Dhabi

On: 10 Safar, 1442 Hijri  
September 27<sup>th</sup>, 2020 Gregorian