



UNITED ARAB EMIRATES

OFFICIAL GAZETTE

UNITED ARAB EMIRATES
THE COUNCIL OF MINISTERS
General Secretariate

10th Year - No. 82/2nd edition
Shawal 1400 H,
August 1980

OFFICIAL GAZETTE

**UNION LAW No. (10) OF 1980 CONCERNING THE
CENTRAL BANK, THE MONETARY SYSTEM AND
ORGANIZATION OF BANKING.**

"In The Name of God, Most Gracious, Most Merciful"

UNION LAW NO. (10) OF 1980
CONCERNING THE CENTRAL BANK, THE MONETARY
SYSTEM AND ORGANIZATION OF BANKING.*

We, ZAYID BIN SULTAN AL-NAHAYAN, President of the United Arab Emirates, having perused the Interim Constitution:

And Union Law No. (1) of 1972 concerning jurisdictions of the Ministries and powers of the Ministers and the amending laws thereof;

And Union Law No. (2) of 1973 establishing the United Arab Emirates Currency Board;

And Union Law No. (7) of 1976 establishing the State Audit Institution;

And in accordance with the proposal of the Prime Minister, approved by the Council of Ministers and ratified by the Supreme Council of the Union;

Promulgated the following Law :

DEFINITIONS

Article (1)

In application of the provisions of this Law, and unless the context otherwise requires, the following words and expressions shall have the meanings cited against them below :

"The Government" is the Federal Government.

"The Public Sector" : is the Federal Government, Governments of the Union's member Emirates, public institutions and organizations.

* The Arabic text of this Law shall be the lawful and valid one, and, in case of any differences or discrepancies between the Arabic version and the text in any other language, the Arabic text shall prevail.

	municipalities, and companies fully owned by the Federal Government or by Governments of the Union's member Emirates.
"The Minister"	: is the Minister of Finance and Industry.
"The Bank"	: is the Central Bank of the United Arab Emirates.
"The Board of Directors"	: is the Board of Directors of the Central Bank of the United Arab Emirates.
"Chairman of the Board of Directors"	: is the Chairman of the Board of Directors of the Central Bank of the U. A. E.
"Member of the Board of Directors"	: is the Member of the Board of Directors of the Central Bank of the U. A. E.
"The Governor"	: is the Governor of the Central Bank of the U. A. E.
"Currency"	: includes both notes and coins.
"Currency notes" and "coins"	: Currency notes and coins issued by the Bank under provisions of this Law or previously issued under Union Law No. (2) of 1973 establishing the United Arab Emirates Currency Board.
"Previously Existing Currency"	: Currency notes and coins issued by the Currency Board of Bahrain and the Currency Authorities of Qatar and Dubai.
"Convertible Foreign Currency"	: Any currency - other than the Dirham - the Bank deems convertible for the purpose of this Law.
"Special Drawing Rights"	: Any Special Drawing Rights issued by the International Monetary Fund.
"Year"	is the Gregorian calendar year.

PART ONE

CENTRAL BANK OF THE UNITED ARAB EMIRATES

Chapter One

Establishment of the Central Bank

Article (2)

There shall be established in the State of the United Arab Emirates a Central Bank to be known as the Central Bank of the United Arab Emirates. The Bank shall be considered as a public institution having its body corporate and enjoying the required juridical capacity to conduct all operations and dealings which ensure the attainment of the objectives for which it has been established.

Article (3)

- 1) The operations of the Bank and the organization of its balance sheet and accounts shall be carried out in accordance with the commercial principles of banking. The Bank's dealings with other parties shall be considered as commercial.
- 2) None of the provisions of the Laws governing the public tenders and auctions, public accounts and civil service, other than the Bank's own regulations, shall apply to the Bank.
- 3) The preaudit provided for in Law No. (7) of 1976 establishing the State Audit Institution shall not apply to the Bank's operations. The Audit Institution shall limit itself to post-auditing of the Bank's operations and shall have no right to interfere in conducting the Bank's operations or policies.

Article (4)

The Bank shall have its main office in the Capital of the State. The Board of Directors may approve to open branches, offices, and agencies of the Bank in the member Emirates of the Union and appoint agents and correspondents in the United Arab Emirates and abroad.

Chapter Two.

Objects of the Bank.

Article (5)

The Bank shall direct the monetary, credit and banking policy and supervise over its implementation in accordance with the State's general policy and in such ways as to help support the national economy and stability of the currency.

For the attainment of its objectives, the Bank shall :

- 1) exercise the privilege of currency issue in accordance with the provisions of this Law;
- 2) endeavor to support the currency, maintain its stability internally and externally, and ensure its free convertibility into foreign currencies.
- 3) direct credit policy in such ways as to help achieve a steady growth of the national economy;
- 4) organize and promote banking and supervise over the effectiveness of the banking system according to the provisions of this Law;
- 5) undertake the functions of the bank of the Government within the limits prescribed in this Law;
- 6) advise the Government on financial and monetary issues;
- 7) maintain the Government's reserve of gold and foreign exchange;
- 8) act as the bank for banks operating in the Country;
- 9) act as the State's financial agent at the International Monetary Fund, the International Bank for Reconstruction and Development, and other international and Arab Funds and Institutions, and carry on all dealings of the State with such concerns.

Chapter Three

Capital and Reserves of the Bank.

Article (6)

- 1) The capital of the Bank shall be 300 (three hundred) million Dirhams fully paid up by the Government.
- 2) The capital of the Bank may be increased from time to time by a Union Decree issued on the proposal of the Board of Directors as displayed by the Minister and approved by the Council of Ministers. In this case, the Government shall pay up the decided increase.
- 3) No reduction of the Bank's capital shall be effected except by a law.

Article (7)

The Bank shall establish a General Reserve Account in the following way :

- a) The Board of Directors shall at the end of each year determine the Bank's net profits for the year after deducting operational costs and making such provision as is necessary for the depreciation of assets and reserves, for bad and doubtful debts, for contributions to the pension and termination of service indemnity fund, and in general for other financial expenses normally provided for by banks from their net profits.
- b) Net profits shall be posted to the General Reserve Account until the balance thereof reaches four times the size of the capital.

Article (8)

Should the balance of the General Reserve Account reach the ceiling specified in Paragraph (b) of the preceding Article, all net profits shall after that revert to the Government.

Article (9)

Should the General Reserve Account, at the end of any year be insufficient to cover the losses of the Bank, occurred deficiency shall be met by the Government.

Article (10)

The Board of Directors shall, within the provisions of this Law, determine the ways in which the Bank's own funds such as its capital and reserves and other funds maintained by it are to be employed.

Chapter Four

Management

Section One : Members of the Board of Directors.

Article (11)

- 1) The Bank shall be managed by a Board of Directors of seven members including the Chairman, Deputy Chairman and Governor.
- 2) The Chairman, the Deputy Chairman and the Governor shall have the rank of Ministers. Should the Chairman be absent or his post become vacant, the Deputy Chairman shall replace him; should both the Chairman and his Deputy be absent or their posts become vacant, the Governor shall take over.

Article (12)

- 1) Members of the Board of Directors shall be appointed by a Union Decree after approval of the Council of Ministers. They shall serve for four years renewable for similar four-year time periods.
- 2) Members of the Board of Directors must be experienced in banking and financial affairs.

Article (13)

Should a member of the Board of Directors resign, or should his seat become vacant for any reason whatsoever prior to expiration of his term of office, a successor shall be appointed for the remaining period of the Board in accordance with the provisions of the preceding Article.

Article (14)

Members of the Board of Directors may not be members of the Board of Directors of any commercial bank operating in the United Arab Emirates, unless they are such members in their capacity as representatives of the public sector. Nor may any of the members of the Board be a Minister having cabinet status or be a member of the Federal National Council.

Article (15)

- 1) The Governor and the Deputy Governor shall devote their time to the service of the Bank and neither of them shall hold any office, paid or unpaid, or be a member of the Board of Directors of any bank or company, or enter directly or indirectly in contracts concluded with the public sector.
- 2) Notwithstanding the provisions of the preceding paragraph, the Governor and the Deputy Governor may undertake tasks assigned to them by the Government, or represent the latter at international conferences or in committees formed by the Government, or in public institutions and corporations.

Article (16)

No person shall be or remain a member of the Board of Directors who :-

- a) has been declared bankrupt or has suspended payments;
- b) has been convicted of an offense involving moral turpitude or dishonesty unless he has been rehabilitated.

Article (17)

The term of Office of a member of the Board of Directors may be terminated by a Union Decree promulgated pursuant to approval of the Council of Ministers in either of the following two cases :

- a) if he commits a serious breach of duty, or any grave mistakes in management of the Bank;
- b) if he absents himself from three consecutive meetings of the Board of Directors without the Board of Directors' approval, unless such absence is due to his being on official assignment, annual or sick leave, or for any other acceptable reasons.

Section Two :

Jurisdiction and Meetings of the Board of Directors.

Article (18)

The Board of Directors shall, within the limitations imposed by this Law, exercise all powers required for attaining the objectives for which the Bank has been established. In particular, the Board of Directors shall exercise the following:

- 1) determine the Bank's credit and monetary policy as well as the policy pertaining to the investment of foreign assets, and ensure the Bank's effective performance of its duties;
- 2) decide on matters relating to the issue and withdrawal of currency;
- 3) set the Bank's by-laws and define its powers and functions in conformity with the provisions of this Law;
- 4) establish rules for the discounting of commercial paper;
- 5) fix the rates of discount, interest and commission to be charged by the Bank.
- 6) decide on matters relating to the organization of and super-

vision over banking in accordance with the provisions of this Law;

- 7) establish rules to govern the granting of loans and advances to domestic banks, define the upper limits of such loans and advances and specify the collateral security required therefor;
- 8) decide on advances to the Government in accordance with the provisions of this Law;
- 9) establish clearing houses and set up a Credit Risks Bureau.
- 10) approve the Bank's annual budget and amend it as necessary in the course of the year;
- 11) approve the Bank's final balance sheet and profit and loss account;
- 12) approve the Bank's annual report;
- 13) set rules to govern the rights and duties of the Bank's personnel, establish a retirement fund for them and determine the Bank's contribution to that fund;
- 14) appoint the Bank's senior staff, promote them and terminate their services in accordance with the Bank's Staff Regulations.
- 15) deal with all other matters which, according to provisions of this Law, are within the competence of the Board of Directors.

Article (19)

The Board of Directors may delegate some of its powers to the Chairman, to the Governor, or to the Executive Committee referred to in Article (26) of this Law.

Article (20)

The Board of Directors shall set rules to govern the salary, allowances and entitlements of the Governor and the Deputy Governor, as well as the remunerations and allowances of the

Chairman and members of the Board of Directors. A Union Decree to this effect shall be promulgated upon approval of the Council of Ministers.

Article (21)

- 1) The Board of Directors shall hold an ordinary meeting at least once every forty-five days.
- 2) The Chairman of the Board of Directors may convene the Board of Directors whenever the need arises.
- 3) The Chairman of the Board shall convene the Board of Directors at the request of the Minister, or of at least three members of the Board of Directors.

Article (22)

- 1) Five members of the Board of Directors including the Chairman, or the Deputy Chairman, or the Governor, shall constitute a quorum at any meeting.
- 2) Without breaching the provisions of Articles (62) and (75) of this Law, decisions of the Board of Directors shall be taken by a majority vote of the members present. In case of equal votes, the Chairman of the session shall have a deciding vote.
- 3) Should any member of the Board of Directors have a personal interest in any contract or dealing in which the Bank is a party, such member must declare this interest, withdraw from the Meeting when discussing such dealing or contract, and should not participate in voting pertaining to these matters.

Article (23)

The Board of Directors may seek the assistance of experts and technical personnel and define their remunerations and allowances. It may also invite to its meetings any persons of whose advice it wishes to avail itself on any particular subject. Such persons shall have no voting power in the Board's deliberations.

**Section Three : Powers of the Chairman, the Governor,
and the Executive Committee.**

Article (24)

The Chairman of the Board shall be the legal representative of the Bank and shall sign on its behalf all instruments, contracts and documents. The Chairman may delegate some of his powers to the Governor.

Article (25)

The Governor shall be responsible for the implementation of this Law, the By-laws of the Bank and the resolutions of the Board of Directors. He may delegate some of his powers to the Deputy Governor or to some senior staff of the Bank.

Article (26)

An Executive Committee shall be formed to comprise :

The Governor : Chairman

The Deputy Governor : Deputy Chairman

Three Managers : Chosen by the Board of Directors from among the Bank's Department Managers. The Board shall also choose replacements if the above are absent or their seats are vacated.

Article (27)

The Executive Committee referred to in the preceding Article shall consider and decide on all matters falling within its area of competence in accordance with the law and rules of the Bank as well as on any matters delegated to it by the Board of Directors or referred to it by the Governor. In particular, and within the limits of the general policy determined by the Board of Directors, the Executive Committee shall:

- 1) determine daily exchange rates in accordance with the provisions of this Law;
- 2) consider and accept or reject applications for discounting loans and advances submitted to the Central Bank by local banks;
- 3) buy and sell foreign instruments, bonds, notes and certificates referred to in paragraphs (4) and (5) of Article (74) of this Law;
- 4) invest the Bank's own funds, i.e., its capital and reserves, and other funds held by it in accordance with the provisions of this Law;
- 5) supervise over and ensure the proper implementation of the rules and regulations relating to the Bank's staff.
- 6) decide on matters relating to the Bank's immovable property and real-estate rights;
- 7) arbitrate, conciliate, or otherwise settle all issues affecting the Bank's interests;
- 8) propose the Bank's annual draft budget and final account, and prepare the Bank's annual report which is submitted to the Board of Directors alongwith the Report of the Auditors.

Article (28)

The Executive Committee may delegate some of its powers to the Bank's Department Managers in accordance with the terms and conditions it may define.

Section Four : P r o h i b i t i o n s .

Article (29)

- 1) No member of the Board of Directors, manager, or any staff member of the Bank shall disclose any information he may acquire during performance of his duties concerning the affairs of the Bank, or its customers, or the affairs of banks and

other institutions which are subject to supervision by the Bank, unless such disclosure is required by Law.

- 2) Anyone who contravenes the provisions of the preceding paragraph shall be punished by imprisonment for a period not to exceed three months and by a fine of not more than five thousand dirhams, or by either of the above two punishments, and shall in all cases be dismissed from service.

Article (30)

The Bank shall not pay its employees any remunerations or benefits on the basis of profits realized by the Bank.

Chapter Five

Operations of the Bank.

Section One : Relation With The Public Sector.

Article (31)

The Bank shall advise the public sector on matters falling within the Bank's jurisdiction. It shall also advise the public sector on monetary and financial affairs presented by the latter for consultation with the Bank.

Article (32)

The Bank shall participate in negotiations relating to international monetary and financial agreements pertaining to the Federal Government, and it may be entrusted with the implementation of the provisions of such agreements.

Article (33)

The Bank shall carry out, free of charge, domestic and foreign banking operations and services for the Government. It may also free of charge perform the above operations and services for the Governments of the Union's Member Emirates.

Article (34)

Government funds in Dirham shall be deposited solely with the Bank which shall not pay any interest thereon. Governments of the Union's Member Emirates may also deposit with the Bank their funds in Dirham. No interest shall be paid by the Bank on such funds.

By decision of the Minister, the provisions of this Article may be applied to all or to some of the other public sector institutions. In this case, the Bank may pay interest on funds deposited with it in accordance with the requirements of the credit and monetary policy.

Article (35)

- 1) The Government shall deposit with the Bank the following funds in foreign currencies which shall receive no interest from the Bank :
 - a) The amount of contribution of the Union's Member Emirates in the State's budget.
 - b) The Government's other foreign exchange revenues.
- 2) Within two years from the entry into force of this Law, the Government shall deposit with the Bank a permanent deposit of US\$ 2000 million or equivalent in other foreign currencies. This deposit, which shall receive no interest from the Bank, shall be annually raised by 10 per cent over its level of the preceding year until it reaches US\$ 4000 million or equivalent in other foreign currencies.
- 3) The other public sector entities may deposit with the Bank their foreign exchange funds which shall receive from the Bank such interest as agreed upon with the depositor.

Article (36)

The Bank shall buy foreign currencies from the public sector, or sell foreign exchange to the latter, in accordance with the exchange rates announced by the Bank.

Article (37)

The Government shall sell to the Bank the foreign exchange it may need to achieve its objectives as well as to meet the foreign exchange requirements of the public and private sectors.

Article (38)

The investment and placement of Government funds and funds of the governments of Member Emirates, other than those deposited with the Bank under the provisions of Articles (34) and (35) of this Law, shall be outside the province of the Bank, unless the Bank is entrusted with such investment responsibilities under the terms of an agreement with the government concerned.

Article (39)

The Bank shall, either directly or through commercial banks, undertake operations relating to the sale and management of Treasury notes and bonds issued or guaranteed by the Government, or issued by any public institution or public entity in the Union's member Emirates.

The Bank may sell and purchase these notes and bonds for its own account in accordance with the provisions of Article (48) of this Law.

Article (40)

The Bank may grant interest-free advances to the Government so as to provide liquidity for the Treasury.

The advances granted in any one year shall at no time exceed 10 per cent of actual government budget revenues in the previous year.

The Government shall, not later than at the end of the financial year, repay the advances granted to it in the preceding year.

Article (41)

The Bank shall submit to the Minister quarterly reports cover-

ing the monetary and banking situation in the country, and shall provide such further information on these matters as the Minister may request.

Article (42)

The public sector, public institutions, organizations and entities which have Government participation shall provide the Bank with all information and statistics that it may require.

Section Two : Relations with Local Banks and Financial Institutions

Article (43)

The Bank may open accounts in Dirham or in foreign currencies for banks and financial institutions operating in the United Arab Emirates, and may accept deposits from them without paying any interest, unless the Board of Directors otherwise decides.

Article (44)

The Bank may carry out the following operations solely with banks operating in the United Arab Emirates:

- 1) issue, sell and buy the Bank's deposit certificates in Dirham within the limits and conditions defined by the Board of Directors;
- 2) sell, purchase, discount and rediscount commercial paper arising out of bonafide loans maturing within six months, provided such paper meet the requirements set in accordance with the provisions of this Law;
- 3) offer loans or advances on current account for seven days without collateral, or up to six months against such collateral as the Bank may deem adequate;

Article (45)

The Bank may set credit ceilings for each bank operating in

the United Arab Emirates in respect to its credit operations carried out with the Bank in accordance with the provisions of the preceding Article.

Article (46)

The Bank shall not renew maturing bills that have been discounted by it nor shall accept, for discount or as a collateral, any commercial paper signed by a member of the Board of Directors, or by any of the Bank's staff.

Section Three : Operations in Gold and Foreign Exchange.

Article (47)

Subject to the rules established by the Board of Directors, the Bank may :

- 1) buy, sell and deal in gold bullion and gold coins;
- 2) carry out any foreign exchange and external transfer operations, provided that such transactions are only with governments, public institutions, local and foreign banks, central banks, and Arab and International Financial Institutions and Monetary Funds;
- 3) maintain accounts with foreign central banks, foreign banks, Arab and International Financial Institutions and Monetary Funds;
- 4) open accounts for central banks, foreign banks, Arab and International Financial and Monetary Institutions and Monetary Funds, and act as agent or correspondent for such banks, institutions and funds;
- 5) grant advances or credits to central banks, foreign banks, Arab and International Financial and Monetary Institutions, and obtain from them credit, advances and loans, provided that such operations conform with the Bank's functions as a Central Bank;
- 6) purchase, sell, discount and rediscount, through banks or

financial institutions, the bonds, notes and instruments referred to in paragraphs (4) and (5) of Article (74) of this Law.

Section Four : Other Operations.

Article (48)

The Bank may invest its own funds derived from its capital and reserves as follows :

- 1) to acquire real estate and movable properties necessary for the conduct of the Bank's business, and for housing or amenities for its staff;
- 2) to purchase and sell notes and loans issued or guaranteed by the Government or public institutions;
- 3) to purchase and sell shares in any entity in which the Government participates, or which is granted a concession in the State of the United Arab Emirates.

Article (49)

The Bank may, by compromise or by compulsory winding up, purchase or acquire immovable and movable property in settlement of its due debts. Such property must be sold as soon as possible unless the Bank uses it in its operations in accordance with the provisions of this Law.

Article (50)

The Bank shall not engage in any commercial activity, have a direct interest in any commercial, industrial or agricultural activity, or any enterprise, or acquire any immovable property, unless allowed to do so under the provisions of this Law.

Chapter Six

Accounts and Statements.

Article (51)

The financial year of the Bank shall commence on the first

day of January and end on the thirty-first day of December of each Year.

Article (52)

- 1) The Bank shall open a special government account the credit entries of which shall include:
 - a) any profit realized at the end of the financial year as a result of revaluations, in terms of Dirhams, of the Bank's assets and liabilities in the form of gold, foreign exchange, and Special Drawings Rights;
 - b) any profit realized from the withdrawal of the notes and coins referred to in Articles (70) and (73) of this Law.
- 2) The Account's debit entries shall include any loss incurred at the end of the financial year as a result of devaluation, in terms of Dirhams, of the Bank's assets and liabilities in the form of gold, foreign exchange and Special Drawing Rights;
- 3) Should the Account show a net credit balance at the end of the financial year, said balance shall not be included in the Bank's profit. Should the account show a net debit balance, the Government shall cover it by issuing non-interest bearing, negotiable Treasury Bonds, which shall in turn be returned out of any net profits realized in subsequent years.

Article (53)

The accounts of the Bank shall be audited by one or more auditors or auditing company to be selected annually by the Board of Directors. The Board of Directors shall also fix the auditors' remunerations each year.

Article (54)

- 1) The Bank shall present to the Minister a monthly statement of the Bank's assets and liabilities, which shall be published in the Official Gazette.
- 2) Within three months from the end of the financial year, the

Bank shall submit the following to the President of the State and to the Minister :

- a) Copy of the final accounts of the year as certified by the auditors. These accounts shall be published in the Official Gazette.
- b) Report on the Bank's activities during the year and a summary of the monetary, banking, financial and economic developments.

Article (55)

The Bank may publish its annual report and may issue any reports and bulletins which the Board of Directors deems to be in the public interest.

Chapter Seven.

Miscellaneous Provisions

Article (56)

- 1) The Bank may accept real estate and movable property mortgaged or pledged as collateral security, or transferred to it by relinquishment in its favour as a guarantee for settlement of its claims.
- 2) In case its demand for an overdue payment is not met, the Bank may sell any assets so pledged fifteen days after giving lawful notice to the debtor. This right, however, does not exclude the possibility of further legal action against the debtor until full satisfaction of all claims of the Bank.

Article (57)

- 1) Real estate properties mortgaged under provisions of the preceding Article shall be sold by a competent court at the Bank's request.
- 2) The proceeds of such sales made under provisions of the

preceding Article shall be used to satisfy the Bank's claims. Any remaining balance shall be placed with the Bank at the debtor's disposal.

Article (58)

The Bank shall be exempt from all taxes, fees, and payments of any kind on its capital, reserves, income, real estate properties, contracts and other documents.

The Bank shall also be exempt from court fees and guarantees required by law.

Article (59)

The Government shall, free of charge, ensure the guardianship of the Bank's premises and provide the proper security escort needed for the safe transport of funds and valuables.

Article (60)

The Bank may not be dissolved except by a law specifying the manner and timing of its liquidation.

PART TWO

CURRENCY.

Chapter One

Currency Unit and Exchange Rate.

Article (61)

The currency unit of the State of the United Arab Emirates shall be the Dirham, which shall be subdivided into one hundred equal units as fils. The symbol for the Dirham shall be "Dh."

Article (62)

The official exchange rate of the Dirham shall be defined in

a Union Decree issued on the proposal of the Board of Directors and approval of the Council of Ministers.

This Decree shall come into force as of the date of its promulgation.

Article (63)

The Bank shall, whenever necessary and for such purposes as it may determine, set exchange rates of the major foreign currencies.

Article (64)

- 1) Subject to the provisions of paragraph (2) of this Article :
 - a) any contract, sale, or payment of a bill, note, instrument, or security relating to money, and any transaction whatsoever relating to money and involving or providing for an undertaking to pay any money, which but for this Article would have been deemed to be made, executed, entered into, or concluded in terms of previously existing currencies, shall be deemed to have been made, executed, entered into, or concluded in Dirhams, provided that this shall not affect any obligation to pay any money in any country, other than the State of the United Arab Emirates, where the previously existing currencies are legal tender;
 - b) any reference to previously existing currencies in any law or other legal instrument, or any legislation in force in the State of the United Arab Emirates at the time Union Law No. (2) of 1973 came into force, shall be construed as a reference to Dirhams, and any reference to any amount in the previously existing currencies shall be construed as a reference to the Dirham.
- 2) In application of the provisions of sub-paragraphs (a) and (b) of the preceding paragraph of this Article, amounts expressed in previously existing currencies prior to the date on which Article (13) of the aforementioned Union Law No. (2) of 1973 came into force, shall be converted on the basis of the following exchange rate :

1 Bahraini Dinar	= 10 Dirhams.
1 Qatar-Dubai Riyal	= 1 Dirham.

Chapter Two

Currency Issue.

Article (65)

- 1) Issue of currency shall be the exclusive right of the State. This right shall be exercised solely and exclusively by the Bank.
- 2) Pursuant to the provisions of the preceding paragraph, no person or institution shall issue or put into circulation notes or coins, or any documents or tokens payable to bearer on demand having the appearance of, or purporting to be, or which are likely to pass as, or be confused with legal tender in the State of the United Arab Emirates or the currency of any other country.
- 3) Anyone who violates the provisions of this Article shall be punished by imprisonment for a period not to exceed ten years or by a fine of not more than Dh. 100000.- or both.

Article (66)

- 1) Currency notes issued by the Bank shall be of such denominations, designs, and specifications, and bear such devices as shall be decided by the Minister on the proposal of the Board of Directors. Currency notes shall bear the signature of the Minister and the Chairman of the Board of Directors.
- 2) The Minister shall, on proposal of the Board of Directors, define the weight, composition, mix ratio, variation allowed, and all other specifications of non-gold coins as well as the quantities of each denomination to be minted.
- 3) The Minister shall, on proposal of the Board of Directors, define the denominations, fineness, weights, measurements, variation allowed, and all other specifications of gold pieces as well as the quantities of each denomination to be minted.
- 4) The Bank shall make the necessary arrangements for the

printing of currency notes referred to under item (1) of this Article, and the minting of coins referred to under items (2) and (3) thereof, for all matters relating to such printing and minting and for the safekeeping of such notes and coins and the relative plates and dies.

Article (67)

- 1) Currency notes issued by the Bank or under Union Law No. (2) of 1973 shall be legal tender for payment of any amount up to their full face value.
- 2) Non-gold coins issued by the Bank or under Union Law No. (2) of 1973 shall be legal tender in the United Arab Emirates for payment in the Emirates of any amount not exceeding 50 Dirhams at their full face value. Should such coins, however, be presented to the Bank, it must accept them without any quantitative limitations.
- 3) The Board of Directors shall prescribe conditions for the sale and purchase at the Bank of gold coins issued before this Law went into force or to be issued pursuant to its provisions.

Chapter Three

Circulation and Withdrawal of Currency.

Section One : Currency Notes.

Article (68)

New currency notes shall be put into circulation by decision of the Board of Directors. This decision specifying the denominations and quantities of issued currency notes shall be published in the Official Gazette and communicated to the public through appropriate information media.

Article (69)

- 1) The Board of Directors may, after the Minister's approval, withdraw from circulation any denomination of currency notes against payment of their face value.

Such decision shall be published in the Official Gazette and communicated to the public through appropriate information media.

2) The decision to withdraw shall specify the term within which withdrawn currency notes may be exchanged. This term shall be not less than three months following publication of the decision in the Official Gazette but, if necessary, it may be reduced to 15 days.

Article (70)

1) Currency notes not presented for exchange within the periods defined in the preceding Article shall cease to be legal tender and may not be negotiated; but holders thereof shall have the right to redeem such currency notes at face value at the Bank within five years of the date of the implementation of the decision to withdraw them. Currency notes not exchanged on expiration of said five-year period shall be excluded from currency in circulation and their value shall be entered into the special account provided for in Article (52) of this Law.

2) The Bank shall, in pursuance of provisions of the preceding paragraph, destroy the currency notes withdrawn from circulation in accordance with the instructions issued by the Bank in this respect.

Article (71)

The Bank shall be under no obligation to refund the value of any lost or stolen currency notes, or to accept or pay for counterfeit notes.

Article (72)

The Bank shall pay the value of mutilated or imperfect currency notes if they meet the requirements to be prescribed by the Bank in this regard; otherwise, such notes shall be withdrawn from circulation without any payment to bearers.

Section Two : Non-Gold Coins

Article (73)

1) Denominations of non-gold coins shall be put into circulation

by decision of the Board of Directors specifying the quantities of such coins. The decision shall be published in the Official Gazette and publicized through appropriate information media.

2) Any denomination of non-gold coins referred to in paragraph (1) of this Article may be withdrawn from circulation, against payment of their face value, by decision of the Board of Directors. The decision shall be published in the Official Gazette and publicized through appropriate information media.

3) The decision to withdraw said coins shall specify the time period within which they can be exchanged. This time period may not be less than six months from the date of publication of the decision in the Official Gazette.

4) Coins which have not been exchanged before the expiration of the term defined in the above paragraph shall cease to be legal tender, become non-negotiable, be excluded from currency in circulation and the value thereof shall be entered into the special account defined in Article (52) of this Law.

5) If non-gold coins have been impaired, defaced, diminished or lightened due to any reason other than normal use, the Bank shall withdraw them from circulation without any compensation to their holders.

Chapter Four

Currency Cover

Article (74)

Currency in circulation and demand deposits held with the Bank shall be constantly covered by all or some of the following:

- 1) Gold coins and bullion;
- 2) Readily and freely convertible foreign currencies in the form of demand and time deposits with banking institutions abroad. The maturity of time deposits shall not exceed twelve months;
- 3) Any internationally recognized reserve assets including the

State's holdings with the International Monetary Fund, amounts lent to the Fund and holdings of Special Drawing Rights;

- 4) Foreign securities, bonds, notes or certificates issued or guaranteed by foreign governments, or by international financial or monetary institutions, provided that all such instruments be considered as first class and are denominated in convertible currencies and readily negotiable in financial markets, and that they mature within five years from the date of purchase;
- 5) Foreign bonds and securities considered as first class other than those mentioned in the above paragraph, provided that they are denominated in freely convertible currencies and readily negotiable in financial markets, and that they mature within one year from the date of purchase;
- 6) Advances granted to the Government under the provisions of Article (40) of this Law;
- 7) Dirham-denominated domestic commercial paper, or loans and advances granted to banks operating in the United Arab Emirates, provides that such domestic commercial paper, loans and advances meet the requirements prescribed in the regulations to be issued by the Board of Directors in this context and in accordance with the provisions of Article (18) of this Law, and that their maturity falls due within a period not to exceed six months from the date of their conclusion.

Article (75)

- 1) The ratio of gold coins, bullion and the net foreign assets defined in paragraphs (1), (2), (3), (4) and (5) of the preceding Article to the sum of currency in circulation and demand deposits held with the Bank may not be less than 70 per cent.
- 2) However, the Board of Directors, by a majority vote and after approval of the Council of Ministers, may reduce the above ratio for a period not to exceed six months. No further reduction may be made before said ratio is brought back to 70% as prescribed in paragraph (1) of this Article.

- 3) The ratio of net foreign assets defined in paragraph (5) of the preceding Article to the total net foreign assets referred to in paragraph (1) of this Article shall not exceed 20 per cent.

Article (76)

In accordance with the provisions of the preceding two Articles, the Bank shall effect a gradual adjustment of the position of the foreign and Dirham assets in the cover account which shall be transferred to the Bank from the present Currency Board.

PART THREE.

ORGANIZATION OF BANKING AND FINANCE.

Chapter One.

A p p l i c a b i l i t y .

Article (77)

- 1) The provisions of this Part shall apply to :
 - a) commercial banks;
 - b) investment banks;
 - c) financial institutions;
 - d) monetary and financial intermediaries.
 - e) representation offices.
- 2) The provisions of this Part shall not apply to :
 - a) public credit institutions set up by law, other than commercial banks;
 - b) governmental investment institutions and agencies;
 - c) governmental development funds;
 - d) private savings and pension funds;
 - e) insurance and reinsurance companies and agencies.

Chapter Two.

Commercial Banks.

Section One : D e f i n i t i o n .

Article (78)

- 1) It shall be considered a commercial bank any institution which, customarily, receives funds from the public in the form of demand, under notice, or time deposits, or which carries on the placement of debt instruments or deposit certificates to be used, in whole or in part, for its account and at its risk, for granting loans and advances.

Commercial banks also carry on operations relating to the issue and collection of checks, the placing of public or private bonds, trade in foreign exchange and precious metals, or any other operations allowed for commercial banks either by law or by customary banking practice.

- 2) The Board of Directors of the Central Bank shall define the aspects of activity and operation requirements of commercial banks with restricted banking licences. Such banks shall, in application of the provisions of this Law, be treated as commercial banks, unless the Board of Directors excludes them from some provisions or measures.
- 3) For the purposes of enforcement of this Law and unless otherwise provided by law, all the branches of any bank operating in the United Arab Emirates shall be regarded as one bank.

Section Two : Commercial Banks' Capital and Reserves.

Article (79)

- 1) All institutions that engage in commercial banking shall be joint-stock companies chartered by law or decree for this purpose. Branches of foreign banks operating in the United Arab Emirates, however, shall be exempt from this requirement.
- 2) Commercial banks operating in the United Arab Emirates

must adjust their status to conform with the provisions of paragraph (1) of this Article within three years from the entry into force of this Law.

Article (80)

- 1) Any commercial bank's paid-up capital shall not be less than 40 million Dirhams.
- 2) Branches of any foreign bank must produce evidence that the equivalent of the above amount has been allocated as capital funds for their operation in the United Arab Emirates.
- 3) Commercial banks operating in the United Arab Emirates at the time of entry into force of this law must adjust their positions to conform to the provisions of the above two paragraphs within a period defined by the Board of Directors, but not later than two years from the date of entry into force of this Law.
- 4) The minimum capital requirement prescribed for commercial banks may be amended by a Union decree on the proposal of the Board of Directors and the consent of the Council of Ministers. Such decree shall be published in the Official Gazette.

Article (81)

Should a commercial bank's capital fall below the minimum required in the previous Article, the deficiency must be met within a period to be defined by the Executive Committee. This period shall not exceed one year from the date the bank concerned is notified of the deficiency. The Executive Committee alone may determine the extent of the deficiency.

Article (82)

Apart from the requirements imposed by any commercial law or memorandum of association on joint stock companies, commercial banks and branches of foreign banks shall have to allocate at least 10 per cent of their annual net profits for the

establishment of a special reserve until said reserve equals 50 per cent of the commercial bank's capital, or, in the case of branches of foreign banks, of the amount allocated as capital.

**Section Three : Registration of Commercial Banks, Mergers
and Disqualifications.**

Article (83)

- 1) Without prejudice to such provisions of the laws concerning the establishment of joint-stock companies that do not conflict with the provisions of this Law, commercial banks may not commence operations until they have been licenced by the Chairman of the Board or whomever he may authorize upon approval of the Board of Directors.

All licenced commercial banks shall be entered in the Register of banks maintained by the Central Bank for this purpose. The decision to licence a bank shall be published in the Official Gazette.

- 2) The Board of Directors shall establish the requirements to be met and the procedures to be followed in applying for a licence, including the documents and information to be submitted. The Board of Directors shall also prescribe the regulations that govern the opening of branches and other related matters.
- 3) Denial of a licence shall be communicated by the Bank to the applicant concerned within 15 days from the date of the decision.

Article (84)

No commercial bank shall open a new branch in the United Arab Emirates or abroad, or relocate or close a branch without approval by the Board of Directors.

Article (85)

- 1) Institutions not registered as commercial or investment banks in accordance with the provisions of this Law may not

use in their commercial designation or in their publicity the words bank, banker, banking or any similar term or expression in any way that may mislead the public regarding the nature of their activity.

- 2) Anyone violating the provisions of the preceding paragraph shall be punished by imprisonment for a term not to exceed three months or by a fine not to exceed 2,000.00 Dirhams, or both.

Article (86)

- 1) All registered commercial banks shall seek the Bank's approval of any contemplated amendments of their Articles or Memoranda of Association, or any amendments applicable to statements submitted to the Bank at the time of their application for a licence. Any such amendments shall become effective only upon entry into the Register of the Bank.
- 2) The Governor shall decide on amendment requests. Requests denied by the Governor may be appealed to the Board of Directors whose decision in this respect shall be final.

Article (87)

No registered commercial bank shall cease operations, or merge with another bank, without prior authorization by the Chairman of the Board or whomever he may authorize upon approval by the Board of Directors.

No such authorization as prescribed in the preceding paragraph may be issued to the bank concerned before the Bank has ascertained that the bank has fulfilled all its obligations to its customers and creditors, or that it has settled such obligations in such a manner acceptable to the Bank.

Article (88)

- 1) A commercial bank's name may be deleted from the Register of Banks under any of the following circumstances:
 - a) on the request of the Bank concerned;

- b) if the bank has not commenced to operate within one year from the date it has been advised of its registration;
 - c) if the bank has suspended operations for more than one year;
 - d) if the bank is declared bankrupt;
 - e) if the bank merges with another bank;
 - f) if the bank's liquidity or solvency is endangered;
 - g) if the bank has seriously contravened the laws, by-laws, regulations, decisions or instructions governing its operations under the provisions of this Law.
- 2) Deletion of a bank's name shall in all cases be effected by a decision of the Chairman of the Board or whomever he may authorize upon approval of the Board of Directors. However, in the two cases referred to in items (f) and (g) of the preceding paragraph, the Board of Directors may not approve deletion of a bank's name before asking the bank concerned to submit its comments on the reasons calling for such deletion of its name within a period defined by the Board of Directors.
- 3) The licence of a commercial bank is automatically revoked once its name has been deleted from the Register of Banks.
- 4) The decision to delete a bank's name from the Register of Banks shall be effective as from its date of publication in the Official Gazette, unless the decision provides for another date for its becoming effective.
- 5) The removal of any bank's name from the Register shall render its liquidation mandatory except in the case referred to in paragraph (1) (e) of this Article. The liquidation shall be carried out in accordance with laws in force and with such instructions as may appear in the deletion resolution.

Article (89)

The Bank shall, at the beginning of each year, prepare a statement of all registered banks, which it shall publish in the Official Gazette.

Section Four : Prohibitions

Article (90)

- 1) Commercial banks shall not engage in non-banking operations. In particular, no bank shall :
 - a) carry on for its own account commercial or industrial activities or acquire, own or trade in goods, unless the acquisition of such goods is for settlement of debts due from others, in which case the goods must be disposed of within the period defined by the Governor;
 - b) acquire immovable property for its own account, except in the following cases:
 - immovable property required for the conduct of the bank's business or for housing or amenities for its staff;
 - immovable property acquired in settlement of debts, in which case, however, the property must be sold within three years; this period may be extended by decision of the Governor;
 - c) hold or deal in the bank's own shares unless they are acquired in settlement of a debt, in which case they must be sold within two years from the date of their acquisition;
 - d) purchase shares of, or bonds issued by, commercial companies, in an amount which would raise the bank's holdings thereof above 25 per cent of the bank's own funds, unless acquired in settlement of a debt, in which case the excess must be sold within two years from the date of acquisition.

This prohibition shall not apply to the acquisition or holding of bonds issued or guaranteed by the Government or other public sector institutions.

Article (91)

- 1) Commercial banks shall not grant loans or advance funds on current account to members of their Boards of Directors, to managers of departments or to similar staff members, except by prior licence from the Board of Directors of the Bank; such licence must be renewed annually.

This prohibition shall not include the discount of commercial paper, the issuance of bank guarantees, or the opening of documentary letters of credit.

- 2) No bank may offer to its customers credit facilities against their shares in the bank.
- 3) No bank may grant loans or advances, for the purpose of constructing commercial or residential buildings, exceeding in total 20 per cent of its total deposits. This prohibition does not apply to banks specialized in granting real estate loans and authorized to do so by the Bank.

Article (92)

No commercial bank may issue traveller's cheques without prior authorization by the Bank.

Article (93)

- 1) No person who has been convicted of theft, dishonesty, fraud, embezzlement, or the writing, with bad intent, of cheques against insufficient funds, may be or remain a member of the board of directors or manager, of any commercial bank.
- 2) No member of the board of directors or manager of any commercial bank may hold, without permission from the board of directors of his bank, a position as bank manager or member of the board of directors of any other bank.

Section Five : Supervision

Article (94)

The Bank may issue to banks the instructions and recommen-

dations that it deems appropriate for the attainment of its monetary or credit policies, and it may take any measures necessary to ensure the sound functioning of the banking system. Said instructions, recommendations and other measures may be of either general or individual nature.

Article (95)

- 1) The Board of Directors may set rules to govern ratio requirements to which all banks shall adhere in order to ensure their liquidity and solvency, particularly regarding ratios to be maintained between the following:
 - a) the bank's own funds and total demand and time deposits and liabilities;
 - b) its liquid assets and total demand and time liabilities.
 - c) its own funds and total acceptances and guarantees.
- 2) In its regulations and circulars the Bank shall define the meaning of own funds, liquid assets, obligations, and other elements.

Article (96)

- 1) The Board of Directors of the Bank may determine the following for commercial banks:
 - a) the maximum amount of discounts, loans and advances that may be granted by any bank as of a certain date;
 - b) the maximum amount that may be lent to any one person physical or juridical in proportion to its own funds;
 - c) the proportion of deposits that must be maintained on reserve with the Bank;
 - d) the minimum required margins to be deposited in cash by bank customers to cover the opening of documentary credits;
 - e) interest rates to be paid by banks on deposits and the rate of interest and commission to be collected from customers.

- 2) The Bank may impose on and collect from any bank which fails to meet the provisions of item (c) of the above paragraph a financial fine not to exceed 2/1000 (two per thousand) per day on the amount of the deficiency occurred in the said deposits of the bank with the Central Bank. This fine shall remain effective until the deficiency has been corrected.

Article (97)

Regulations, decisions and instructions issued by the Bank in accordance with the provisions of the two preceding Articles shall have no retroactive effect and shall not hinder the execution of agreements concluded between the banks and their customers prior to issuance of said regulations, decisions and instructions. The Bank shall also determine the grace periods required to enable the banks to bring their operations into conformity with the imposed rules, and shall prescribe the basis for computation of the compulsory ratios.

Article (98)

Commercial banks must take account of the duration of availability of their deposits from the public in planning the use of such deposits.

Article (99)

There shall be within the Central Bank a department for supervision over commercial banks, investment banks and financial institutions.

The Board of Directors shall determine the way said department is set up and define the functions and conditions of operations of the corps of Bank-inspectors.

Article (100)

- 1) The Bank may at any time it deems necessary, delegate one or more inspectors to ascertain the financial position of a particular bank and its adherence to applicable laws and regulations in the conduct of its business.

- 2) Commercial banks shall allow the inspector referred to above to examine all books, accounts, documents, and papers bearing on his task and shall provide him with any information requested on time.
- 3) The inspector shall submit to the Bank a report covering the results of inspection and forward a copy thereof to the bank in question.
- 4) Should the Central Bank determine, following such an inspection, that the bank's operations are unsoundly or unlawfully carried out, it may order the bank concerned to take action to rectify the situation and may, on the approval of the Board of Directors, appoint a qualified person to advise and supervise the commercial bank. The advisor's emoluments shall be paid by the bank in question.

Section Six : Accounts and Statements.

Article (101)

The financial year of the commercial banks shall begin on the first day of January and end on the thirty first day of December of each year.

Article (102)

- 1) Branches of foreign banks shall maintain separate accounts for all their operations in the United Arab Emirates, including the balance sheet and profit and loss accounts.
- 2) The accounts of all branches and agencies of any bank, domestic or foreign, operating in the United Arab Emirates, shall be drawn up on a consolidated basis as if for one bank.

Article (103)

- 1) Every commercial bank, operating in the United Arab Emirates, must every year appoint a qualified and experienced person or persons or auditing company acceptable to the Bank for auditing of its accounts. Should any commercial bank fail

to appoint an auditor, the Bank shall appoint one for it and determine his remuneration which shall be paid by the bank in question.

- 2) Duties of the auditor shall include the preparation of a report on the balance sheet and the profit and loss accounts for the bank's shareholders.

The auditor shall state in his report whether the annual balance sheet and profit and loss accounts are true and accurate and whether the bank has provided him with all the information and explanations he requested for performance of his duties.

- 3) The auditor's report shall be read to the shareholders at the annual general meeting together with the report of the board of directors in the case of local banks; three copies of the said two reports shall be submitted to the Bank within fifteen days from the date of the General Meeting. In the case of foreign banks, a copy of the auditor's report shall be forwarded to the bank's main office abroad. Three copies of the said report shall also be submitted to the Bank within 15 days from the date of its issuance.
- 4) No auditor shall serve on the board of directors, or hold a position as staff member, or be a regular consultant with the bank to which he is assigned.

Article (104)

- 1) Within the terms and conditions specified by the Board of Directors, the Bank may establish at its headquarters a separate department to be called the Credit Risks Bureau.
- 2) In order to facilitate the function of the above department, banks shall provide it with periodic information and data regarding credits granted by them. Such information and data shall be filed on forms prescribed by the Bank, in accordance with its instructions, and within the time limits it sets.
- 3) The commercial banks shall cover the operating costs of the said department. Such costs shall be apportioned among them, and collected from them, in a manner to be determined by the Bank.

Article (105)

- 1) The commercial banks shall provide the Bank with statements, information, statistical data and other documents which are deemed necessary for the performance of its tasks.
- 2) The Bank may set rules for the compilation of bank credit statistics on a periodical basis.
- 3) The Bank shall specify the nature of these data, statements and information as well as the forms on which they are to be supplied and the dates by which they are to be submitted. Commercial banks shall submit the above to the Bank in accordance with the latter's instructions.

Article (106)

All information submitted to the Bank in accordance with the provisions of this law shall be treated as confidential except for statistical data that may be published on an aggregate basis.

Article (107)

The Bank may impose a fine for delay, not to exceed Dh.200 per day, on any commercial bank that fails to submit the statements, data, and information referred to in Articles (104) and (105), by the dates specified for this purpose.

Section Seven : Liquidation of Banks.

Article (108)

- 1) In the case of liquidation of any commercial bank, a notice of liquidation must be published in the Official Gazette and in at least two local daily newspapers.
- 2) The notice of liquidation shall:
 - a) provide for a grace period of at least three months to allow the bank's customers to take whatever steps necessary for preservation of their rights.

- b) provide the name of the liquidator entrusted with the payment of outstanding deposits and other transactions that may take place after the final closure of the bank's offices regarding which no instructions have been given to the customers.

Article (109)

In case of liquidation pursuant to the deletion of a bank's name from the Register of Banks, the Chairman of the Board or whomever he may authorise may specify, in his deletion decision, the date of closure of the bank and may state the name of the institution entrusted with liquidation of the transactions outstanding at that date.

Article (110)

The Bank shall continue to supervise the operations of the bank under liquidation until the final closure of its offices.

Article (111)

The provisions of Articles (108), (109) and (110) shall not hinder any other existing legal provisions applicable to liquidation.

Section Eight : Administrative Penalties.

Article (112)

- 1) Should any bank violate the provisions of its Articles of Association or of this Law, or the regulations imposed by the Bank, or fail to submit statements and information required of it, or submit incomplete or inaccurate information, the Bank may, in addition to the fines for delay referred to in Article (107) of this Law, impose one of the following penalties,
 - a) warning;
 - b) reduction or suspension of credit facilities granted to it;
 - c) prohibition from carrying out certain operations, or imposition of restrictions thereon;
 - d) deletion of its name from the Register of Banks.

- 2) The Executive Committee shall be authorized to impose the penalties specified in (a) and (b) above. The other penalties shall only be imposed by the Board of Directors.
- 3) In all cases, no penalty may be imposed on a commercial bank until its explanations of the violations it has committed have been heard.

Chapter Three.

Investment Banks

Article (113)

- 1) In implementing the provisions of this Law, investment banks are defined as those banks which are usually called merchant, investment, development, medium term, or long term banks, or any such expression or name distinguishing them from commercial banks as defined in Article (78) principally in that they do not accept deposits for less than two years.
- 2) These banks may borrow from their main offices, from local or foreign banks and from financial markets.
- 3) The Board of Directors shall determine the extent and conditions of operations of this type of banks to which the provisions of this Law shall also apply unless specifically exempted by the Board of Directors from some of the provisions and regulations therein.

Chapter Four.

Financial Institutions

Article (114)

For the provisions of this Law, the term "financial institutions" shall refer to those institutions whose principal functions are to extend credit, to carry out financial transactions, to take part in the financing of existing or planned projects, to invest in movable properties, and such other functions as may be specified by the Bank.

Financial institutions may not accept funds in the form of deposits but may borrow from their head offices, from local and foreign banks, or from financial markets.

Article (115)

Financial institutions may not commence operations in the United Arab Emirates or open branches abroad unless so licenced by the Bank.

Article (116)

The Board of Directors of the Bank shall establish the requirements to be met, the procedures to be followed, and the documents and information to be submitted in applying for licences.

Application for licencing shall be approved or rejected by the Chairman of the Board or whomever he may authorize, on approval of the Board of Directors. Approving decisions shall be published in the Official Gazette; rejections shall be communicated to the applicant concerned within 15 days from the issuance of the decision.

Article (117)

- 1) Financial institutions shall adhere to such directives and instructions on credit and other matters as the Bank may deem necessary for the implementation of its credit policy, or for the sound functioning of the institution concerned.
- 2) If necessary, the Bank may also delegate representatives to audit the accounts of the financial institutions.

Article (118)

Licences of financial institutions may be revoked in accordance with the provisions, conditions and procedures prescribed in Article (88).

Article (119)

Financial institutions shall provide the Bank, within the time limits it shall prescribe, with the following:

- 1) Three copies of their balance sheets and of their profit and loss accounts;
- 2) such information, statements and statistical data as shall be prescribed and requested by the Bank.

Chapter Five

Financial and Monetary Intermediaries and Representative Offices.

Article (120)

In application of the provisions of this Law, the term "financial and monetary intermediaries" shall refer to any physical or juridical person, other than financial institutions, who:

- a) practise the profession of foreign exchange dealer based on purchase and sale of currencies, currency notes, coins of all kinds, and travellers' cheques;
- b) act as stockbroker or agent and sell and purchase domestic as well as foreign stocks and bonds, in a local capacity, or as agent of foreign institutions.

Article (121)

The Board of Directors of the Bank may subject the professions referred to above to prior licencing in respect to operations in the United Arab Emirates, and it may establish rules to govern licencing requirements, professional obligations, supervision by the Bank, and the circumstances under which licences may be revoked.

Article (122)

For the purposes of this Law, the term "Representative Offices" shall refer to offices representing foreign banks and financial institutions in the United Arab Emirates.

Article (123)

- 1) Representative offices may not commence operations in the

United Arab Emirates before being licenced by the Central Bank.

- 2) The Board of Directors shall issue special regulations to govern:
 - a) the procedures to be followed and the information and documents to be submitted in applying for licence;
 - b) the scope of operations of these offices, their professional obligations and the circumstances under which their licence may be revoked.
- 3) Licences shall be granted or denied by the Board of Directors, who shall notify the applicant concerned of its decision.

PART FOUR

TRANSITIONAL AND CONCLUDING PROVISIONS.

Article (124)

- 1) Upon the entry into force of this Law, the Currency Board shall wind up its business, prepare its final accounts, certified by the auditors, for its last accounting period, and prepare a detailed report on its assets and liabilities and on other elements which reveal its financial position.
- 2) The Currency Board shall upon the entry into force of this Law distinguish in the final balance sheet referred to in the preceding paragraph between assets of doubtful recovery and sound realizable value. Each of these assets shall be itemized separately.
- 3) The Bank shall arrange to collect the assets of doubtful recovery within a period of five years from the date of commencement of its operation.

After that period, any remaining uncollected assets shall be transferred to an administrative party designated by the Government, for collection and payment in cash to the Bank.

Article (125)

Upon the entry into force of this law :

- 1) All assets and liabilities of the Currency Board shall revert to the Bank.
- 2) The Bank shall take over from the Currency Board all its stock of uncirculated currency notes and coins as well as all implements and dies pertaining to the printing of notes and the minting of coins.
- 3) All Currency Board staff shall become staff of the Central Bank and their rights with the Board shall be fully preserved.

Article (126)

The Bank may put into circulation the currency notes and coins issued by the Currency Board and such notes and coins shall be regarded as having been issued by the Bank.

Article (127)

The capital and reserves of the Currency Board shall be carried as part of the Bank's capital. The Government shall pay in the balance up to the amount specified in Article (6) of this Law.

Article (128)

All work and all expenditure pertaining to the establishment of the Bank and ratified by the Currency Board shall be considered legitimate and proper and shall be deemed approved by the Board of Directors of the Bank.

The Board of Directors shall also continue any action or procedure initiated with the approval of the Currency Board, but not completed, as though it had been initiated by the Board of Directors.

Article (129)

Notwithstanding the provisions of Article (51) of this Law, the first financial year of the Bank shall commence on the date of entry

into force of this Law. and end on the last day of the financial year.

Article (130)

Upon the entry into force of this Law, Union Law No. (2) of 1973 establishing the U.A.E. Currency Board, and any other text conflicting with the provisions of this Law shall be abrogated.

Article (131)

Only the Bank shall issue the rules, regulations, and decisions and set the procedures coming within its area of jurisdiction under the provisions of this Law.

And until such time that the Bank may issue such regulations, rules, decisions and procedures referred to in the preceding paragraph, all rules, regulations, instructions, decisions and procedures issued under Union Law No. (2) of 1973 shall remain binding and in effect, unless the Bank decides to amend or repeal them.

Article (132)

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

ZAYED BIN SULTAN AL NAHAYAN,
PRESIDENT OF THE UNITED ARAB EMIRATES.

Promulgated by us at the
Presidential Palace, Abu Dhabi,
on 21st Ramadan, 1400 Hijri
2/8/1980 Gregorian