

Laws and Regulations in Dubai International Financial Centre (DIFC)

DIFC's unique legal and regulatory framework is based on international standards and principles of common law that is tailored to the region's unique needs, creating the optimal environment for financial services and related industries and services to grow.

The Dubai International Financial Centre ("DIFC") was launched in accordance with United Arab Emirates (UAE) Federal Decree No. 35 of 2004 as a part of Dubai's strategic vision to diversify its economic resources and attract capital and investments in the region. It is a Financial Free Zone defined in Federal Law No. 8 of 2004, as an independent jurisdiction within the UAE, DIFC is empowered to create its own legal and regulatory framework for all civil and commercial matters.

The following three independent bodies have been established at the DIFC under Dubai Law 5 of 2021 to enable and support the growth and development of businesses in the Centre: the DIFC Authority, the Dubai Financial Services Authority ("DFSA") and the DIFC Courts.

	<p>Dubai International Financial Centre Authority</p> <p>DIFC Authority oversees the strategic development, operational management and planning of the Dubai International Financial Centre. It is also responsible for the development and administration of laws and regulations other than those related to the financial services.</p>
	<p>Dubai Financial Services Authority (DFSA)</p> <p>DFSA is an independent regulator of financial and related services conducted in or from the Centre. The DFSA supervises regulated companies and monitors their compliance with applicable laws and rules. The Regulatory Law, DIFC Law No. 1 of 2004 grants the DFSA its powers as a financial services regulator.</p>
	<p>DIFC Courts</p> <p>Operating within a common law framework to ensure the highest international standards of legal procedure and dispute resolution. The DIFC Courts acts as an independent administration of justice for resolving all civil and commercial laws.</p>

Overview of the UAE laws creating the DIFC

Federal Law No. 8 of 2004

Federal Law No. 8 of 2004 on “The Financial Free Zones in the United Arab Emirates”:

Allows the creation of a Financial Free Zone in any Emirate of the UAE, by a Federal Decree.

Exempts the Financial Free Zones and the Financial Activities from all Federal civil and commercial laws.

Confirms the application of Federal criminal laws in the Financial Free Zones, including the Federal Laws on Anti-Money Laundering;

Prohibits DIFC authorised firms from dealing in deposit taking from the State’s markets and in the UAE Dirham.

Restricts DIFC authorised insurers’ dealings in the State to carrying out re-insurance activities.

Federal Decree No. 35 of 2004

Federal Decree No. 35 of 2004 created the DIFC as a Financial Free Zone in Dubai (the DIFC Law). The Federal Cabinet also made two Cabinet Resolutions that.

Set out the geographic boundaries of the DIFC.

Allow the centre bodies and authorised firms to operate outside the DIFC for the first four years because the DIFC was still under construction.

Dubai Law No. 5 of 2021

Dubai Law No. 5 of 2021 on “The Establishment of the Dubai International Financial Centre” acknowledges the creation of the DIFC and:

Recognises the financial and administrative independence of the DIFC

Creates the DIFC centre bodies, which include the DIFC Authority, DFSA and DRA.

Exempts the DIFC from Dubai laws and regulations, under certain conditions.

Cabinet Resolution No. 28 of 2007

Cabinet Resolution No. 28 of 2007 on “Implementing Federal Law No. 8 of of 2004 on Financial Free Zones” further detailed certain provisions of the Financial Free Zones Law.

DFSA Translation
Following publication of the Law on
27th March, 2004

Federal Law No.8 of 2004

Regarding The Financial Free Zones

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

after taking cognizance of the Constitution, and

The Federal Law No. 1 of 1972 regarding the jurisdiction of the Ministries and the powers of Ministers, and the laws amending it; and

The Federal Law No. 10 of 1980 Regarding The Central Bank and Monetary System and the Organization of Banking, and laws amending it; and

The Law No. 8 of 1984 regarding Commercial Companies, and laws amending it; and

The Law No. 9 of 1984 Regarding Insurance Companies and Agents, and laws amending it; and

The Penal Code promulgated by Law No. 3 of 1987; and

The Criminal Procedure Code, promulgated by Law No. 35 of 1992; and

The Federal Law No. 4 of 2000 Regarding the Emirates Securities and Commodities Authority and Market; and

The Federal Law No. 4 of 2002 Regarding Criminalisation of Money Laundering; and

Pursuant to the proposal of the Minister of Economy and Commerce and the Minister of Finance and Industry; and

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. The provision of goods and services to Companies and Establishments and individuals in the 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

A Financial Free Zone shall be established by a Federal Decree. It shall have a body corporate and shall be 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

(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 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

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 position and systems and controls, and are managed by persons with expertise and knowledge of such activity.

(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 Stocks and Commodities Authority.

(3) Companies listed on any stock exchange in the State shall not be listed without the prior approval of the Emirates Stocks 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

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

The Financial Free Zones may enter into memoranda of understanding and co-operation with similar counterparties provided that they do not conflict with the treaties to which the State is a party.

ARTICLE 7

(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 what action it deems appropriate.

(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

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.

ARTICLE 9

The Cabinet shall issue the regulations of this Law.

ARTICLE 10

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

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

**Issued at the Presidential Palace, Abu Dhabi
Date: 23rd Muharram, 1425 Hijri
Corresponding to: 14th March, 2004 (Gregorian)**

Zayed bin Sultan Al Nahyan
President of UAE

Federal Decree Number 35 for the year 2004
To Establish Financial Free Zone in Dubai

We Zayed Bin Sultan Al Nahyan, the President of the United Arab Emirates, with cognizance to the Constitution, Law No. 1 of 1972 concerning capacities of Ministers and Authorities of Ministries and the Federal Law No. 8 of 2004 concerning Financial Free Zones and submission made by the Crown Prince of Dubai, approved by the Ministries Cabinet,

Hereby issue the following Decree:

- **Article One:**
The establishment of financial free zone in the Emirate of Dubai to be named (Dubai International Financial Centre).
- **Article Two:**
The competent authorities, each in its own sphere, shall implement this Decree, and shall be published in the official Gazette.

Zayed Bin Sultan Al Nahyan
President of UAE

Prime Minister

Crown Prince of Dubai

9 Jamadi Awal 1425
27 June 2004

본 자료는 두바이국제금융센터(DIFC)의 설립·운영에 관한 법률·규정을 발췌한
것입니다

출처: <https://www.difc.ae/business/laws-and-regulations>