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Federal Decree - Law No. 4 "On The Establishment Of The UAE Investment Authority"

FEDERAL DECREE - LAW NO. 4

Issued on 13/11/2007

Corresponding to 3 Dhu al - Qi'dah 1428 H.

ON THE ESTABLISHMENT OF THE UAE INVESTMENT AUTHORITY

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

Pursuant to the perusal of the Constitution, and

Federal Law no. 1 of 1972 regarding the jurisdictions of the Ministries and the competences of the Ministers, and the amending laws thereof; and

Federal Law no. 23 of 2005 regarding the Rules of Preparation of the Government Budget and Closing Account; and

Federal Law no. 7 of 1976 regarding the establishment of the Audit Institution and the amending laws thereof; and

Federal Law no. 7 of 1999 regarding the issuance of the Law on Pensions and Social Security and the amending laws thereof; and

Federal Law no. 21 of 2001 regarding the Civil Service in the Federal Government and the amending laws thereof; and

Federal Law no. 10 of 1980 regarding the Central Bank, the Monetary System, the Regulation of the Banking Profession and the amending laws thereof; and

The verification Act in Civil and Commercial transactions issued by the Federal Law no. 10 of 1992; and

Federal Law no. 1 of 2006 regarding the electronic commerce and transactions; and

Acting upon the proposal of the Minister of State for Cabinet Affairs, and the consent of the Cabinet,

Have promulgated the following Law:

CHAPTER ONE

DEFINITIONS

Article 1

State: The United Arab Emirates State.

Federal Government: the State Government and all entities, institutions and other federal judicial persons.

Cabinet: The Cabinet of the Federal Government.

Authority: UAE Investment Authority established by virtue of the provisions of the present Decree - Law.

Board of Directors: The Board of Directors of the Authority.

Chairman of the Board of Directors: the Chairman of the Board of Directors of the Authority.

Vice - Chairman of the Board of Director: the Vice - Chairman of the Board of Directors of the Authority.

Chief Executive Officer: The Chief Executive Officer of the Authority.

Funds allocated for Investment: The Total Funds owned by the Federal Government which are entrusted to the Authority, for keeping, managing and investing, and, together with the investment returns reinvest the said funds according to the provisions set forth in the present Decree - Law.

CHAPTER TWO

THE ESTABLISHMENT OF THE AUTHORITY

Article 2

An Authority called (UAE Investment Authority) shall be established as a public Authority reporting directly to the Cabinet. It shall have a juridical independent personality, and the necessary legal capacity in order to practice the jurisdictions thereof set forth in the present Decree - Law.

Article 3

The headquarters of the Authority shall be located in the city of Abu Dhabi. Branches and offices thereof may be established by virtue of the decision of the Board of Directors whether within or outside the State.

CHAPTER THREE

THE OBJECTIVES OF THE AUTHORITY

Article 4

The Authority shall be the only body in charge of the investment and reinvestment of the funds allocated for investment which the Cabinet assigns for the said purpose. On behalf of the Federal Government, it shall invest and reinvest the said funds adequately achieving profitable investment revenues in order to contribute in providing the necessary money returns for the support of the Federal Government. For the said purpose, the Authority shall carry out the following:

- 1 - Contribute to the design and coordination of the policy of investment of the monetary reserves of the Federal Government, guaranteeing the achievement of profitable investment returns.
- 2 - Keep, manage and invest on behalf of the Federal Government the funds allocated for investment, raise the return produced thereby and then reinvest such returns according to the provisions set forth in the present Decree - Law.
- 3 - Represent the Federal Government in the investment projects and investment funds formed between the State and foreign juridical persons, whether public or private, upon a decision by the Cabinet.
- 4 - Offer technical and administrative support for the Federal Government authorities empowered to negotiate with the governments of foreign countries in order to conclude international conventions to prevent double taxation, free trade, encouragement of the investment and the guarantee thereof or other conventions pertaining to the investment activities between the State and other States.
- 5 - Contribute with the competent bodies in the State in preparing the strategies and economic development programs.
- 6 - Support the educational and training activities and developmental researches pertaining to the activities of the Authority, including the establishment and foundation of the Specialized institutes in investment operations and the delegation of educational missions for university studies, higher or specialized studies pertaining to the objectives and activities of the Authority, and the follow - up of the training and employment thereof at the Authority or other financial and investment institutions in the State, and such in coordination with the other competent bodies.
- 7 - Contribute to the proposal of the legislations related to any of the above - mentioned purposes.
- 8 - invest and reinvest in any property, rights, or assets whether material or moral or mixed, including but not limited to all kinds of shares, bonds, securities and financial and commercial deeds, foreign currencies, precious metals, goods and merchandise, deferred contracts, metallic materials and all other materials, goods and documents subject to investment.
- 9 - Grant loans for the companies owned by the Authority or in whose capital the Authority contributes or for the purpose of possessing parts or shares in the borrowing companies.
- 10 - Sell or exchange any properties for cash or by granting facilities, and grant the third party the right to choose between the purchase and the exchange thereof.
- 11 - Reorganize, merge, unify, join or liquidate any investments, entities, funds or properties related to the Authority, and execute all the necessary legal actions for this purpose.
- 12 - Transfer or exchange any documents related to any of the investment operations of any part of the funds allocated for investment.
- 13 - Extend the due date for any obligation kept by the funds allocated for investment.
- 14 - Conclude contracts or similar arrangements for deferred investments.

- 15 - Keep any non - invested funds from the funds allocated for investment until it is invested or disposed of according to the provisions mentioned in the present Decree - Law.
- 16 - Practice all the rights of voting related to any of the above mentioned activities, and grant general or limited power of attorneys for the vote on behalf of the Authority.
- 17 - Subject to the provision of sufficient guarantees, register and preserve any investment in the name of one or more proxies of the Authority, or in the name of one or more power of attorneys of any central system dealing in financial and commercial securities or in other materials subject to investment.
- 18 - Collect and receive any funds, or personal or in real rights related to the funds allocated to investment, and issue related quittances.
- 19 - Settle any demands, debts, rights or compensations, carry out reconciliations in their regard, submit them to arbitration, bring suit in their regard and defend them before competent courts, and take the legal procedures in order to protect any interest of the Authority.
- 20 - Own companies, entities, institutions and other projects or establish same with a third party according to the applicable laws in order to achieve any of the objectives of the Authority including the preservation of the rights in any property considered a part of the funds allocated to investment as well as wind up, liquidate, merge, join or reorganize the structure thereof.
- 21 - Obtain by any legal means such as purchase, exchange, transfer, cession or substitution any right including the rights of intellectual property or the factors of the business firm or goodwill or any other rights, whether material or moral.
- 22 - Manage, operate, develop, maintain, mortgage, or invest any funds, rights or movable or immovable assets, whether alone or with the participation of a third party. The Authority may amend, extend, renew, cede or organize in any other method the conditions of any such actions. The Authority may also set conditions related to the use of funds and properties.
- 23 - Contribute in all kinds of productive, commercial and financial projects and other projects having an economic return.
- 24 - Perform in general any other actions that the Board of Directors deems necessary or appropriate for the achievement of the Authority objectives.
- 25 - Perform any other acts or tasks commissioned to the Authority by virtue of a decision from the Cabinet, in line with the objectives of the Authority defined herein.

CHAPTER FOUR BOARD OF DIRECTORS

Article 5

The Authority shall have a Board of Directors constituted of five members at least and seven members at most, among which the Chairman and the Vice - Chairman thereof. They shall be holders of educational qualifications, or occupational expertise in different fields of funds and assets investment management. The Cabinet shall issue a decision for the appointment thereof in which it shall determine the financial remunerations entitled thereto. Moreover, the membership shall be of three years renewable automatically for other periods of one year at most each.

Article 6

The Board of Directors shall be the supreme authority that undertakes the supervision of the management of the Authority and the follow - up of the execution of programs and adopted policies in order to achieve the objectives thereof. It shall also practice all necessary powers and competences, and shall have in particular the following jurisdictions:

- 1 - Set the regulatory standards and restrictions that guarantee the safety of the financial position of the Authority and the good performance of the investment programs by which the Authority must abide.
- 2 - Draw and adopt policies, strategies and standards of investment and reinvestment of the funds allocated for investment.
- 3 - Manage the risks of investing funds allocated for investment and issue instructions that guarantee the reduction of said risks.
- 4 - Approve the plans and programs proposed by the Chief Executive Officer for the investment and reinvestment of the funds allocated for investment and the distribution of the investments on the different investment fields and activities.
- 5 - Coordinate between the Authority and the activities of the entities and other public and private departments pertaining to the business and activities of the Authority.
- 6 - Approve the profit and loss account and the annual budget of the Authority, and submit same to the Cabinet in order to consider the adoption thereof.
- 7 - Issue the decisions, directions and instructions guaranteeing the execution by the Chief Executive Officer of the

investment policies, strategies, standards, plans and programs submitted and endorsed by the Cabinet.

8 - Peruse data, reports and periodic information submitted by the Chief Executive Officer stating the activities of the Authority and assessing the activity and financial position thereof. Issue the appropriate instructions concerned with the prevention of investment risks in a certain field, or mitigate such risks and determine the acceptable risks rate.

9 - Perform a systematic assessment of the performance of the investment portfolios and issue the necessary instructions and directions in view of accomplishing the policies and objectives set forth herein.

10 - Set the system of Authority governance in order to control the administrative and financial performance thereof.

11 - Appoint one or more external auditors for the accounts of the Authority, and determine the fees and remunerations entitled thereto.

12 - Form one or more consultancy committees containing international experts in the field of investment in order to support the performance of the Board of Directors and the Chief Executive Officer.

13 - Issue the regulations and administrative and financial rules, including the Personnel Affairs Regulation and other internal regulations essential for the management and organization of the work and activity of the Authority.

14 - Appoint the Chief Executive Officer and determine the salary and remunerations thereof, as well as the other conditions for the appointment thereof.

15 - Form permanent and provisional committees from among the members thereof, and from others in order to study the tasks entrusted thereto.

16 - Issue the annual report regarding the achievements of the Authority at the end of every fiscal year for the Authority.

17 - Adopt the necessary training programs in order to provide sufficient qualified national cadres.

18 - Assign one or more members of the Board of Directors to perform a certain task and determine the competences thereof.

19 - Examine all matters transferred from the competent parties in the State to the Authority, or matters whose study is deemed necessary for the matters pertaining to the activity thereof.

20 - Open branches and offices for the Authority and appoint agents or representatives therefore within or outside the State.

21 - Perform the other jurisdictions set forth in the present Decree - Law, or the regulations or decisions issued by virtue thereof.

Article 7

The Board of Directors shall submit at the end of every fiscal year of the Authority a report for the Cabinet containing the following:

1 - The investment performance of the Authority and the assessment of the said performance, in particular the extent of the capacity thereof to achieve profitable investment returns.

2 - The extent of abidance of the Authority by the regulatory standards and restrictions set forth in Article (1/6) herein.

3 - The results attained by the Cabinet upon the investigation thereby of any matters included within the jurisdictions thereof and the decisions issued or to be issued in this regard.

Article 8

Any of the members of the Board of Directors shall be prohibited from voting in any issue put forth before the Board of Directors having a direct or indirect interest therein. When the said interest is present, he must divulge same to the Board of Directors in writing and as soon as possible. Moreover, he shall be prohibited from collecting any wage or have any financial interest in any of the contracts and conventions that the Authority concludes with a third party, or from receiving any fees, bonuses or remunerations from any foreign party, whether public or private, dealing with the Authority.

Article 9

1 - Subject to the provisions of Article 5 herein, the Cabinet may issue a decision to release any member from the position thereof in the Board of Directors, and to appoint a substitute thereto who shall complete the term of his predecessor.

2 - Any of the members of the Board of Directors may resign therefrom by virtue of a letter submitted to the Chairman of the Board of Directors who shall raise it to the Cabinet. The resignation shall not be deemed accepted unless after the elapse of thirty days from the date of presentation thereof, or upon the consent of the Cabinet thereto.

Article 10

1 - The Board of Directors shall hold the meetings thereof in a periodical manner every three months at least. The Chairman or the Vice - Chairman thereof shall have the right to invite the Board of Directors to other meetings whenever necessary.

2 - If need be, four of the members at least may invite the Board of Directors to convene.

3 - The meetings of the Board of Directors shall be valid upon the attendance of the majority of the members thereof, provided that the Chairman or Vice - Chairman is present among them.

4 - The decisions of the Board of Directors shall be passed by the absolute majority of the votes of the attending members. In the event of equality of vote, the party with whom the chairman voted shall prevail.

5 - The Board of Directors shall form among the members thereof or among others sub - committees undertaking certain matters related to the jurisdictions thereof. Sub - committees shall raise the recommendations thereof with regards to matters whose examination is within the jurisdictions thereof to the Board of Directors in order to take the necessary measures in their regard. The internal regulations organizing the workflow of the sub - committees shall be issued by virtue of a decision by the Chairman.

6 - The Board of Directors may request the assistance of experts and specialists whose presence in the meetings thereof, or the meetings of the sub - committees, is deemed necessary in order to advise them in a certain raised matter.

CHAPTER FIVE

CHIEF EXECUTIVE OFFICER

Article 11

The Chief Executive Officer, appointed from other than the members of the Board of Directors, shall undertake the management of the Authority. A decision from the Board of Directors shall be issued with regards to the appointment and the determination of the financial entitlements thereof.

Article 12

The Chief Executive Officer shall be the person in charge of the management of the Authority and the management of all the investment and reinvestment processes of the funds allocated for investment. He shall in this regard undertake all the actions and necessary procedures in order to achieve the said objective according to the rules determined herein as well as the regulations and decisions issued by the Cabinet and the Board of Directors. He shall have in particular the following jurisdictions:

1 - Propose policies, strategies and standards of investment and reinvestment of funds allocated for investment, and submit same before the Board of Directors for examination.

2 - Propose plans and strategies for the investment and reinvestment of the funds allocated for investment and distribute the investments on different investment fields and activities, in addition to the submission thereof before the Board of Directors for examination.

3 - Execute policies, strategies, plans and programs approved by the Board of Directors for investment and reinvestment, develop the funds allocated for investment and distribute same on different investment fields and activities, and issue the necessary investment decisions including:

a - The appointment of governors, directors, and consultants of investment as well as the determination of the competences thereof regarding the funds assigned for investment.

b - The distribution of investments to the different fields and activities according to the bases, principles, plans and programs approved by the Board of Directors.

c - The sale, liquidation or incurrence of any rights over any of the portfolios, investments, assets or funds that are considered a part of the funds allocated for investment, and such for the achievement of the objectives of the Authority and in accordance with the bases, principles, plans and programs approved by the Board of Directors.

d - The signature of all contracts and conventions and the granting of the necessary power of attorneys in order to carry out the actions and processes included within the jurisdictions of the Chief Executive Officers in accordance with the provisions hereof.

e - The supervision of the management of the funds and investment portfolios established by the Authority.

f - The appointment of the banks and other financial or investment institutions in charge of the implementation of any of the programs of investment of funds allocated for investment.

g - The adoption of appropriate decisions regarding the investment offers subsequent to the study and analysis thereof and such within the policies, strategies and standards set or adopted by the Board of Directors.

h - The follow - up of the activities, work and performance of the banks, financial and investment institutions as well as investment directors and governors entrusted with the execution of certain investment programs by the Chief Executive Officer.

i - The provision of the Board of Directors with data, information and periodic reports regarding the work of the Authority in addition to the assessment of the activity and the analysis of the financial position thereof.

j - The preparation of a general annual report regarding the work and activities of the Authority and the submission thereof to the Board of Directors.

k - The representation of the Authority before all juridical public and private persons, whether within or outside the State, including the representation of the Authority before all kinds and degrees of courts and arbitration panels, whether within or outside the State, in addition to the appointment of required attorneys, consultants and experts in order to defend the interests of the Authority or any of the affiliated companies, investments, funds or assets thereof.

l - The carry out of all other tasks and actions (not included within the jurisdictions of the Board of Directors or the delegate thereof) necessary for the enablement of the Authority to achieve the objectives thereof, in accordance with the provisions set forth herein.

4 - The expenditure within the limits of the decided credits in the budget of the Authority and the conclusion of contracts that impose financial obligations over the Authority according to the provisions of the regulations and rules proposed by the Chief Executive Officer in this regard and submit such to the Board of Directors for approval.

5 - The preparation of the profit and loss account as well as the annual budget of the Authority and the submission thereof to the Board of Directors.

6 - The proposal of the administrative and financial regulations and rules as well as the internal decisions necessary for the management and the organization of the work and activities of the Authority, and the submission thereof to the Board of Directors.

7 - The appointment and the termination of the services of the Authority's officials, the determination of their positions, salaries, remunerations and other entitlements according to the regulations in force in the Authority.

8 - The implementation of all regulations, rules, decisions and orders issued by the Board of Directors.

9 - Any other jurisdictions by virtue of the commissioning by the Board of Directors or in accordance with the decisions issued thereby.

CHAPTER SIX

THE MONETARY SYSTEM OF THE AUTHORITY

Article 13

All funds and assets that the Authority shall undertake the preserving, management or investment thereof, shall be deemed public funds owned by the State. The Authority shall be exempt from the payment of any fees or taxes that are set or approved in the State.

Article 14

Without prejudice to the provisions of Article 13 herein, the Authority shall dispose of a part of the funds and returns kept thereby by virtue of the present Decree - Law and such in order to carry out the activities and accomplish the objectives thereof including the expenditure therefrom to cover the expenses resulting therefrom. The necessary financial resources to cover the said expenses shall be adopted in the annual budget approved by the Cabinet for this purpose.

Article 15

The fiscal year of the Authority shall start with the fiscal year of the State and shall end with the end thereof, provided that the first fiscal year shall start with the date of enforcement of the present Decree - Law and shall end on the thirty first of December of the following fiscal year.

Article 16

The Board of Directors shall issue a decision regarding the rules and regulations of the annual accounting of the Authority according to the approved international accounting methods and principles.

Article 17

The Authority shall have one or more external auditors from the Legal Auditing Offices accredited in the State. He shall be appointed for one renewable year, and the fees thereof determined by the Board of Directors.

Article 18

The external auditor shall undertake the auditing of the Authority's accounts, the inspection of the implementation of the provisions herein and the decisions issued by virtue or in implementation thereof. He shall submit a report of the outcomes of the said examination to the Board of Directors who shall undertake the submission thereof to the Cabinet.

Article 19

The auditor shall be entitled at any time to review the books, documents and other files of the Authority. He shall ask for clarifications that he sees necessary for the performance of the task thereof. He shall also investigate the rights and obligations resulted from the performance by the Authority of the activities thereof, and the accomplishment thereby of the objectives. The Chairman must enable the auditor to carry out the said tasks.

Article 20

The Authority shall open, operate and manage any banking accounts in its name, whether within or outside the State, and such in order to carry out the activities and achieve the objectives thereof by virtue of the provisions herein.

CHAPTER SEVEN

THE OFFICIALS OF THE AUTHORITY

Article 21

All officials of the Authority shall be deemed public officials, and shall be subject to the provisions of the civil service laws enforced in the State, and such with regards to matters not provided for in the present Decree - Law or in the financial and administrative regulations or the personnel affairs regulation enforced in the Authority or in the contracts of employment thereof.

CHAPTER EIGHT

THE OPPOSABILITY OF THE ELECTRONIC DEEDS AND DATA ISSUED BY THE AUTHORITY

Article 22

Subject to the provisions set forth in the Federal Law no. 1 of 2006 regarding the electronic commerce and transactions, the electronic documents and signatures issued by the Authority and related to the transactions and activities thereof by virtue of the provisions of the present Decree - Law shall have the opposability of the original document in order to prove the data contained therein.

Article 23

Subject to the provisions set forth in the Federal Law no. 1 of 2006 regarding the electronic commerce and transactions, the Authority may keep for five years photocopies of the documents thereof on compact discs (CDs) or other technical devices for storage of electronic documents instead of papers, records, statements, documents, correspondences, telegrams, and notices or other original documents issued by the Authority and related to the activity thereof. The said copies shall have the opposability of the original for proof.

CHAPTER TEN

GUARANTEES

Article 24

For the achievement of the purposes mentioned in the present Decree - Law, the Authority may present whatever is necessary in order to guarantee the execution of any resulting contractual or financial obligations according to the conventions concluded with any other person or other party by virtue of the provisions herein.

Article 25

The Authority, with the required extent for the achievement of the purposes thereof, and by virtue of any requirements that the Board of Directors sees appropriate, may grant its consent on the possibility of issuing guarantees for financing any of the development projects executed by the State.

CHAPTER ELEVEN

FINAL PROVISIONS

Article 26

The Cabinet may issue a decision to form a Board of Trustees in order to practice any of the jurisdictions practiced by the Cabinet by virtue of the provisions of the present Decree - Law or any other jurisdictions set forth in said decision.

Article 27

The winding up or liquidation of the Authority shall not be permissible unless by virtue of the law. Such Law shall determine the manner of disposal of the funds allocated for investment and kept by the Authority.

Article 28

Every provision contradicting or contravening the provisions herein shall be abrogated.

Article 29

The present Decree - Law shall come into force as of the date of issuance thereof, and shall be published in the Official Gazette.

Promulgated by Us at the Presidential

Palace in Abu Dhabi

On 3 Dhu Al - Qi'dah 1428 H.

Corresponding to 13/11/2007

Khalifa Bin Zayed Al Nahyan

President of the United Arab Emirates State

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