

Federal Decree by Law No. (13) of 2023
Establishing and Regulating the Financial Stability Board

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

- Upon reviewing the Constitution,
- Based on the proposals and recommendations of the Minister of Finance; and the approval of the Cabinet,

Have promulgated the following Decree by Law:

Article (1)

Definitions

In application of the provisions herein, the following words and expressions shall have the meanings ascribed thereto, unless the context otherwise requires:

State	: United Arab Emirates.
Cabinet	: The Cabinet of the State.
FSB	: Financial Stability Board.
Board of Directors (BOD)	: FSB Board of Directors.
Chairman	: Chairman of the FSB Board of Directors.
Secretary General	: FSB Secretary-General.
Ministry	: Ministry of Finance (MoF).
The Central Bank	: The Central Bank of the United Arab Emirates.
Financial Department	: The department concerned with the financial issues in the local Emirate.
Financial Regulatory Authorities	: The Central Bank, the Securities and Commodities Authority, the Financial Services Regulatory Authority of the Abu Dhabi Global Market, the Dubai Financial Services Authority, or any financial regulatory authority added by virtue of a Cabinet resolution following the implementation hereof, based on a proposal of the

	Chairman.
Other Authorities	: Federal and local government agencies related to financial stability in the State, which are determined by a resolution of the Cabinet based on a proposal by the Chairman.
Financial Free Zones	: The free zones subject to the provisions of Federal Law No. (8) of 2004 regarding Financial Free Zones, or any other law in replacement thereof.
Financial Stability	: The state in which the State financial system is able to protect the macroeconomy from financial crises, manage financial risks, and absorb shocks.
Financial System	: The sum of laws, regulatory and technical procedures, financial institutions, financial markets, financial infrastructure, and individuals, interacting with each other for the purpose of moving money towards investment or consumption, and providing facilities, including payment systems, to finance economic and commercial activity.
Systemically Important Institutions	: Financial institutions licensed by the Financial Regulatory Authorities whose failure leads to risks to the financial system in the State.
Financial Infrastructure Systems	: The clearing, settlement, and payment systems established, operated, licensed, or subject to the supervision of any of the Financial Regulatory Authorities.

Article (2)

Decree by Law Scope of Application

The provisions hereof shall apply to the Financial Regulatory Authorities and Other Authorities, including financial services authorities in the financial free zones.

Article (3)

FSB Establishment

In accordance with the provisions of this Decree by Law, a Board called the "Financial Stability Board" shall be established, affiliated with the Cabinet, and shall enjoy legal personality, financial and administrative independence, and legal capacity required to undertake all the regulatory business and actions that ensure the implementation of its competencies.

Article (4)

Financial Stability Board Head Office

FSB headquarters shall be located in the Emirate of Abu Dhabi, and branches or offices thereof may be established inside or outside the State by a decree of the President.

Article (5)

The Financial Stability Board Objectives

FSB aims to achieve the following:

1. Reinforcing and protecting financial stability at the State level.
2. Facilitating cooperation between the Financial Regulatory Authorities and the Other Authorities.
3. Identifying risks and providing recommendations for additional measures to mitigate systemic risks that may be faced by the financial system in the State.
4. Reinforcing discipline in the financial system.
5. Ensuring that the financial system contributes effectively and regularly to the sustainability of economic development.

Article (6)

Financial Stability Board Competencies

FSB shall undertake the following functions:

1. Propose financial controls and rules, and additional regulations and legislation supporting the Financial Regulatory Authorities and Other Authorities, necessary to protect financial

- stability and respond to existing and emerging risks, and submit the same to the BOD.
2. Provide the necessary technical support to the Financial Regulatory Authorities and Other Authorities in matters related to financial stability.
 3. Follow up on developments in the financial system and local and international financial markets, through reports issued by the Financial Regulatory Authorities and Other Authorities, and international reports issued by the relevant authorities, or through other available means.
 4. Identify weaknesses and potential systemic risks in the financial system, and provide recommendations and advice on the necessary measures to reduce such risks to the BOD, based on analyses provided by the Financial Regulatory Authorities and Other Authorities, which may include the following:
 - a. Risks associated with the structural composition of financial markets;
 - b. Risks of disruption of the financial sector functions;
 - c. Unsustainable levels of debt and credit growth;
 - d. Real Estate-related risk; and
 - e. Risks related to other sectors affecting financial stability.
 5. Monitor the application of the financial stability policy measures and procedures by the financial supervisory authorities and Other Authorities, assess adequacy thereof, and make recommendations thereon, including measures for Systemically Important Institutions and Financial Infrastructure Systems.
 6. Enhance the readiness of Financial Regulatory Authorities and Other Authorities to manage financial crises, in cooperation with the authorities related to crisis and disaster management in the State.
 7. Provide advice to the Financial Regulatory Authorities and Other Authorities on the best global regulatory practices to serve financial stability.
 8. Promote public awareness and spread the culture of financial stability in the State, through issuing studies, reports, and other means.
 9. Exchange financial information and financial policy matters, and hold meetings and agreements between the Ministry, the Finance Department, the Financial Regulatory Authorities, and Other Authorities.

10. Evaluate the issues received from the Financial Regulatory Authorities, regarding the identification or de-identification of systemically important institutions, or any Financial Infrastructure Systems, to issue appropriate recommendations in such regard.
11. Diagnose and identify cases of financial instability, and propose the necessary measures to be implemented.
12. Establish a mechanism for identifying non-financial institutions of systemic importance that affect the financial system and stability thereof, and set a mechanism for dealing with them.
13. Any other competencies entitled thereto in accordance with the laws, regulations, or resolutions issued by the Cabinet or the Chairman.

Article (7)

Board of Directors Formation

1. FSB shall be managed by a Board of Directors headed by the Central Bank Board of Directors Chairman and the membership of:
 - Minister of State for Financial Affairs.
 - Governor of the Central Bank.
 - BOD Chairman of the Securities and Commodities Authority.
 - BOD Chairman of Abu Dhabi Global Market, representing the Abu Dhabi Financial Services Authority.
 - BOD Chairman of Dubai Financial Services Authority.
 - Ministry of Finance Under-secretary.
 - Assistant Governor of the Central Bank for the Monetary Policy and Financial Stability.
2. The Minister of State for Financial Affairs shall replace the Chairman in the event of absence or impediment.
3. The remuneration of BOD members shall be determined upon a Cabinet resolution, and based on a proposal by the Chairman.
4. The Cabinet may add members to the BOD from federal or local authorities, based on a proposal by the Chairman.
5. Notwithstanding the provisions hereof, the Chairman shall issue the bylaws regulating

the BOD work, including the procedures and rules for disbursing remuneration.

Article (8)

Board of Directors Competences

The BOD Chairman shall exercise all the powers and authorities necessary to enable FSB achieve objectives thereof, including the following competences:

1. Submitting proposals to the Cabinet regarding the introduction and modernisation of policies and legislation in the State that help achieve FSB objectives, or that affect financial stability and lead to the protection of the financial system in the State, in coordination with federal and local authorities.
2. Submitting the necessary recommendations that require issuance of a Cabinet resolution on topics related to the financial stability and economic situation of the state, the financial status of institutions of systemic importance, and Financial Infrastructure Systems.
3. Proposing the addition of Financial Regulatory Authorities established in the State after the implementation hereof, and submitting it to the Cabinet for approval.
4. Determining the names of Other Authorities to which the provisions hereof shall apply, and submit them to the Cabinet for approval.
5. Approving the FSB draft annual budget and final account, and submit the same to the Ministry to include them in the Consolidated Budget and Final Account Laws.
6. Issuing bylaws and regulations related to financial and administrative affairs, human resources, and the organisational structure of FSB.
7. Appointing one or more external auditors to audit FSB accounts, if necessary, and determine their fees.
8. Forming permanent and temporary committees and work teams from members of the BOD or FSB employees, that may include experienced and specialised representatives from federal and local government agencies, and determining tasks and work mechanism thereof, as well as the remunerations and allocations for their members.
9. Establishing rules of professional conduct for FSB employees, and disclosure and governance procedures for BOD members and FSB employees.
10. Establishing the necessary legal mechanism to protect data and information received by

FSB from the Financial Regulatory Authorities and Other Authorities.

11. Establishing an appropriate mechanism to facilitate the exchange of data and information between the Financial Regulatory Authorities and Other Authorities.
12. Establishing the appropriate mechanism regarding the attendance of BOD members at the meetings, in a manner consistent with the Cabinet resolutions regarding the governance of the federal government BODs.
13. Any other competencies or powers authorised thereto in accordance with the laws, regulations, or resolutions issued by the Cabinet.
14. The BOD may delegate any of its powers or competencies to the Chairman, the Secretary-General, or any committee and work teams formed by a BOD or Chairman resolution.

Article (9)

Board of Directors Meetings

1. BOD meetings shall be held at least twice a year, at the invitation of the Chairman. The BOD may hold other meetings at the request of the Chairman, or three BOD members upon the Chairman approval.
2. The BOD meetings agenda and venues shall be determined by a resolution of the Chairman.
3. The BOD meeting quorum shall be achieved with the presence of five members, including the Chairman or Vice-Chairman.
4. The BOD shall take its resolutions by an absolute majority of the attending members votes, and in the event of equal votes, the meeting Chairman shall have the casting vote.
5. In the event that a member is unable to attend a BOD meeting, they may authorise a representative thereof to attend and vote upon the Chairman approval, and in accordance with the mechanism established by the Chairman.
6. The BOD deliberations and resolutions shall be confidential, and may only be disclosed upon the BOD approval.

Article (10)

BOD Resolutions

1. The Board of Directors may issue reasoned resolutions, delineating the objectives and implementation mechanisms. These resolutions may be directed to Financial Regulatory Authorities and Other Authorities, requesting them to undertake measures or implement precautionary financial policies that require building proactive, cautious approaches to mitigate risks within the financial system or to carry out specific tasks to maintain financial stability.
2. The Financial Regulatory Authorities and Other Authorities may object to the BOD decisions related to the topics referred to in Clause (1) of this Article within a period not exceeding (30) thirty days from the date of issuance of the resolution. Failure to raise objections within this time-frame renders the resolution binding. In such case, the Financial Regulatory Authorities and the Other Authorities shall provide the BOD with a report detailing the resolution implementation plan.
3. In the event of objection to the BOD resolutions within the period referred to in Clause (2) of this Article, the Financial Regulatory Authorities and Other Authorities shall provide the necessary justifications for the non-implementation of said resolution, propose alternative plans to achieve the goal of the objected resolution, and present the same to the BOD to take action it sees fit.

Article (11)

Board of Directors Foundations and References

In order to achieve objectives and powers thereof, the BOD shall consider the following when making decisions:

1. Financial stability strategies of the Financial Regulatory Authorities and Other Authorities.
2. General objectives of the Financial Regulatory Authorities and Other Authorities.
3. Laws and duties of the Financial Regulatory Authorities and Other Authorities.
4. International obligations.
5. Investment sectors that impact the financial stability.
6. Not to impose additional burdens or restrictions that are not commensurate with the

competencies of the Financial Regulatory Authorities and Other Authorities.

Article (12)

Secretary General and Executive Management

1. FSB shall have a Secretary-General, whose appointment and rank shall be determined by a federal decree based on the recommendation of the Chairman.
2. The Secretary-General shall be assisted by a number of advisors, experts and employees, who shall be appointed by virtue of a decision issued by the Secretary-General, in accordance with the regulations and systems in force in FSB.

Article (13)

Competences and Powers of the Secretary General

The Secretary-General shall supervise FSB work progress, and shall be responsible to the BOD for following up and implementing decisions thereof. To that end, they shall have all the necessary competences and powers to verify the proper work progress of FSB, including the following:

1. Following-up on the implementation of FSB policies and strategies.
2. Proposing the agenda for the BOD meetings, committees, and work teams affiliated with the BOD.
3. Preparing FSB annual draft budget and the final account and submitting the same to the BOD.
4. Preparing bylaws and regulations related to FSB financial and technical affairs, human resources, and the organisational structure and submitting the same to the BOD.
5. Appointing consultants, experts, and employees and terminating services thereof, in accordance with the regulations and systems in force in FSB.
6. Representing FSB before courts and third parties within the State and abroad.
7. Concluding contracts and agreements to which FSB is a party, in accordance with the regulations and systems in force in the FSB.
8. Issuing decisions in accordance with the regulations and systems in force in the FSB, and signing correspondence issued by the FSB.

9. Opening and managing bank accounts on behalf of FSB inside the State in accordance with the regulations and systems in force in FSB.
10. Proposing external auditors to audit the FSB accounts and recommending the same to the BOD.
11. Proposing rules of professional conduct for FSB employees, and disclosure and governance procedures for BOD members and FSB employees, and submit the same to the BOD.
12. Proposing the necessary legal mechanism to protect data and information received by the FSB from the Financial Regulatory Authorities and Other Authorities, and submit the same to the BOD.
13. Proposing the appropriate mechanisms to facilitate the exchange of data and information between the Financial Regulatory Authorities and Other Authorities, and submit the same to the BOD.
14. Supervise and empower the FSB executive management, follow up on their achievements and performance results, and propose the necessary systems and procedures to contribute to improve and develop performance.
15. Approve plans and programmes of rehabilitation and train FSB employees.
16. Any other competencies or powers authorised thereto in accordance with the laws, regulations, or resolutions issued by the BOD or Chairman.
17. The Secretary-General may delegate any of powers to any staff member of the Office as they deem appropriate, provided that the delegation shall be in writing, specific, and approved by the Chairman.

Article (14)

Fiscal Year

The FSB fiscal year shall commence on the first of January and ends on the thirty-first of December of each year, and the first fiscal year shall commence on the date of enforcement hereof and end on the thirty-first of December of the following year.

Article (15)

Financial Resources

The FSB financial resources shall consist of the following:

1. The annual financial appropriations allocated to FSB in the State general budget.
2. Support of the Financial Regulatory Authorities and Other Authorities.
3. Gifts, bequests, grants, and donations provided to the FSB and approved by the Chairman.
4. Any other resources the FSB achieves from exercising powers thereof.

Article (16)

Auditing

1. The FSB shall be subject to the oversight of the Supreme Audit Institution, and it shall promptly provide the Institution with any requested data or information pertaining to work thereof. The Supreme Audit Institution shall refrain from interfering with the execution of the FSB work or policies.
2. FSB may appoint one or more external auditors to audit FSB accounts, if necessary.

Article (17)

Human Resources and Pensions Legislation

In the absence of specific provisions within the regulations and systems governing the FSB, the human resources legislation applicable to federal government employees shall govern the workforce of the FSB. The retirement laws in force within the Federal government shall be applicable to citizen employees.

Article (18)

Financial Stability Board Role in the General Budget

1. The Ministry and the Finance Department shall coordinate with the FSB on the issues described below:
 - a. Government fiscal policies.
 - b. Mechanisms for financing projects, through borrowing or issuing bonds or sukuk.

- c. Credit Rating.
 - d. New financial matters affecting the economic development in the State.
2. The FSB shall conclude bilateral agreements with the Ministry and the Financial Department to establish a coordination mechanism regarding the matters referred to in Clause (1) of this Article, and the Chairman shall determine the persons authorised to sign such agreements on behalf of the FSB.

Article (19)

Cooperation with FSB

1. In order to enable the FSB achieve objectives and powers thereof in accordance with the provisions hereof, the Financial Regulatory Authorities and Other Authorities shall provide it with the data and information requested thereby within the period and mechanism it determines.
2. The data and information requested by the FSB from the Financial Regulatory Authorities and Other Authorities in accordance with the provisions of Clause (1) of this Article may not be related to individuals or obtained from institutions with which data and information protection agreements are concluded.
3. The BOD members and the FSB employees shall maintain the confidentiality of the data and information circulating within the FSB or the BOD, as well as information related to the employees thereof. This obligation extends to information received by BOD or FSB employees from Financial Regulatory Authorities and Other Authorities. Such confidentiality shall persist during their BOD membership, assuming a position as a FSB employee or thereafter. The BOD shall institute the necessary legal mechanism to protect the confidentiality of such data and information.
4. The Financial Regulatory Authorities and Other Authorities shall provide the FSB with data and information that those authorities deem important for the FSB to know, in order to achieve the objectives and powers thereof stipulated herein.

Article (20)

Exchange of Data and Information

The Financial Regulatory Authorities and Other Authorities shall exchange data and information among themselves, for the purposes of implementing the provisions hereof, in accordance with the mechanisms established by the BOD regarding the exchange of data and information among such authorities.

Article (21)

Issuing Reports

1. The FSB shall issue an annual report to be submitted to the Cabinet. Such report shall include the State financial situation and relevant recommendations regarding the State financial stability and economic situation, provided that the annual report shall include the following information:
 - a. The FSB view of the current situation and stability of the financial system at the time of preparing the report.
 - b. Assessment of the developments that affected the current financial and economic situation.
 - c. Assessment of the strengths and weaknesses of the financial system.
 - d. Assessment of the risks to the financial system.
 - e. The financial position of Systemically Important Institutions and Financial Infrastructure Systems in the State.
 - f. The FSB vision for the future of the financial system, and everything that would achieve financial stability for the state.
 - g. The procedures proposed by the FSB to address any issues that appear in the assessments referred to in paragraphs (b-c-d) of this clause.
 - h. A summary of the most important resolutions, directives, measures, and recommendations issued by the FSB in implementation of the provisions hereof.
2. Financial Regulatory Authorities and Other Authorities shall provide the FSB with periodic reports and analyses of their activities for the purpose of including them in the annual report referred to in Clause (1) of this Article.

3. The FSB may issue other periodic reports prepared for publication for the purpose of raising awareness and informing those concerned.
4. The reports issued by the FSB shall be published by the means it deems appropriate.
5. Resolutions, directives, measures, and recommendations issued by the BOD may be announced through a press release issued by the Chairman or the authorised representative thereof.

Article (22)

Repeals

Any provision that violates or contradicts the provisions of this Decree by Law shall be repealed.

Article (23)

Publication and Entry Into Force of Decree by Law

This Decree by Law shall be published in the Official Gazette, and shall come into effect from the day following the date of its publication.

Mohammed Bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi:

Date: 18 Safar 1445 AH

Corresponding to: 04 September 2023 AD