THE BANKING REGULATION REVIEW

TWELFTH EDITION

Editor
Jan Putnis

THE LAWREVIEWS

THE

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CONTENTS

PREFACE ... vii
Jan Putnis

Chapter 1 INTERNATIONAL INITIATIVES ... 1
Jan Putnis and Tolek Petch

Chapter 2 ANGOLA ... 36
Nuno de Miranda Catanas and Laura Maia Lucena

Chapter 3 ARGENTINA ... 45
Pablo José Torretta and Francisco Grosso

Chapter 4 AUSTRALIA ... 57
Andrea Beatty, Gabor Papdi, Chelsea Payne, Chloe Kim and Shannon Hatheier

Chapter 5 BARBADOS ... 79
Sir Trevor Carmichael QC

Chapter 6 BELGIUM ... 87
Anne Fontaine and Pierre De Pauw

Chapter 7 BRAZIL ... 99
Tiago A D Themudo Lessa, Rafael José Lopes Gaspar, Gustavo Ferrari Chauffaille and Vinicius Gonzaga

Chapter 8 CAMBODIA ... 112
Bun Youdy

Chapter 9 CHINA ... 130
Shengzhe Wang and Fugui Tan

Chapter 10 DENMARK ... 146
Morten Nybom Bethe

Chapter 11 EUROPEAN UNION ... 155
Jan Putnis, Ben Goldstein and David Kasal

Chapter 12 FINLAND ... 192
Janne Lauha, Hannu Huotilainen and Julian Lagus

Chapter 13 FRANCE ... 205
Didier Martin, Samuel Pariente, Jessica Chartier, Béna Mara and Gaël Rivière

Chapter 14 GERMANY ... 227
Sven H Schneider and Jan L Steffen

Chapter 15 HONG KONG ... 240
Peter Lake

Chapter 16 INDIA ... 264
Vineetha M G, Khyati Sanghvi and Pratik Patnaik

Chapter 17 ITALY ... 278
Giuseppe Rumi, Andrea Savigliano and Giulio Vece

Chapter 18 JAPAN ... 295
Hirohito Akagami and Yuhei Watanabe

Chapter 19 KAZAKHSTAN ... 307
Marina Kahiani

Chapter 20 LIECHTENSTEIN ... 330
Mario Frick and Christine Reiff-Näscher

Chapter 21 MALAYSIA ... 346
Rodney Gerard D'Cruz

Chapter 22 MEXICO ... 374
Federico De Noriega Olea and Juan Enrique Lizardi Becerra

Chapter 23 MONACO ... 385
Mireille Chauvet

Chapter 24 NETHERLANDS ... 396
Mariken van Loopik and Maurits ter Haar

Chapter 25 NEW ZEALAND 413
Guy Lethbridge and Debbie Booth

Chapter 26 NIGERIA 427
Ibrahim Hassan, Oluwatobi Pearce, Basirat Raheem and Daniel Jayeoba

Chapter 27 NORWAY 445
Markus Nilssen, Vanessa Kalvenes and Marcus Cordero-Moss

Chapter 28 PHILIPPINES 458
Rafael A Morales

Chapter 29 POLAND 472
Andrzej Foltyn, Magdalena Skowrońska, Tomasz Kalicki and Filip Lisak

Chapter 30 PORTUGAL 488
Pedro Ferreira Malaquias and Domingos Salgado

Chapter 31 SINGAPORE 501
Francis Mok

Chapter 32 SOUTH AFRICA 512
Natalie Scott

Chapter 33 SPAIN 527
Juan Carlos Machuca and Alfonso Bernar

Chapter 34 SWEDEN 551
Fredrik Wilkens and Henrik Schön

Chapter 35 SWITZERLAND 562
Shelby R du Pasquier, Patrick Hünerwadel, Marcel Tranchet, Valérie Menoud and Maria Chiriaeva

Chapter 36 TAIWAN 583
James C C Huang and Maggie Huang

Chapter 37 UNITED ARAB EMIRATES 596
Bashir Ahmed, Rahat Dar and Adite Aloke

Chapter 38 UNITED KINGDOM 605
Jan Putnis, Nick Bonsall and David Shone

Chapter 39 UNITED STATES 624
Luigi L De Ghenghi, John W Banes and Karen C Pelzer

Appendix 1 ABOUT THE AUTHORS..677
Appendix 2 CONTRIBUTORS' CONTACT DETAILS 701

PREFACE

The past year in banking regulation has been dominated, in most parts of the world, by the severe economic effects of the coronavirus pandemic. Governments and regulators have taken unprecedented steps to support businesses and individuals through the crisis. In financial terms, much of this support has been channelled through banks, and banks have had to work hard to continue to lend and to serve their customers in this difficult period.

Despite the human suffering and long-term economic damage that the pandemic has caused, there has been no significant banking crisis in the past year and, in most countries, no real sign that banks are failing to weather the storm so far. While there are of course exceptions, this is in large part a consequence of the relatively strong capital and liquidity position that banks around the world were in before the pandemic struck, which was itself a position that would not have arisen in many countries without the comprehensive prudential regulatory reforms that followed the global financial crisis of 2007–2009. Indeed, some regulators have commented that the pandemic is proving to be the first real test of those reforms and that, at least so far, the rules and institutional frameworks for banking regulation that were created after the global financial crisis have proven their worth.

As in all ongoing crises, there are causes for both pessimism and optimism. A pessimistic assessment with which it is hard to argue in many parts of the world is that we are still at an early stage in the economic damage that the pandemic has caused. The gradual withdrawal of government support programmes for businesses and the consequent further increases in non-performing loans with which banks have to deal will pose a further severe test for the banking systems of many countries at a time when governments will be relying on banks to support economic recovery. In some countries the strong links between bank viability and the ability of governments to issue sovereign debt at sustainable interest rates may re-emerge as a significant problem.

The optimistic assessment is necessarily a longer-term one given the challenges that the pandemic continues to present. The pandemic has undoubtedly provided the banking sector with an opportunity to show that it can be a force for financial stability and economic renewal at a time of crisis, in marked contrast to the blow to confidence that the sector suffered following the global financial crisis. This opportunity is closely linked to moves by many banks to consider their corporate purpose, the sustainability of their activities in environmental and social terms, and the quality, and in many cases the diversity, of their governance. This somewhat disparate collection of objectives, referred to as ESG in many parts of the world, is increasingly dominating discourse between banks and their regulators and investors. Whether this would have happened in quite the way it has without the pandemic is impossible to know, but it does not seem much of an exaggeration to suggest that in many countries the banking sector that will emerge from the pandemic will have a series of cultural and business objectives that are quite different to those that existed before.

Regulators have become more assertive on these matters, particularly with regard to environmental objectives, and we will increasingly see a harder edge to the expectations that they are forming of banks' adherence to policies designed to address climate change. The repricing of many risks that is expected to take place as opinion settles on the pace at which transition to a low carbon economy should take place will have a profound effect on the balance sheets of many banks. Shareholder pressure will force change in some banks; and banks with significant exposures to the petroleum economy will have to consider radical changes to their business models.

On social matters, financial inclusion and fair treatment of vulnerable customers are motivating legal and regulatory reform in many countries. There is a strong link between financial inclusion and the adoption of new technologies and business models, particularly in payment services. Many of the businesses that are contributing to the adoption of these technologies are not banks but rely on banks (or payment systems that are owned or controlled by banks) in order to operate. Allied to this are the increasingly serious and well-resourced attempts by firms using distributed ledger technologies to develop new means of payment, including stablecoins.

Regulators struggle to keep pace with these developments, but they hold back at their peril on addressing the implications for banks. The concept that the same or similar services and activities should be regulated in the same way is proving to be difficult to apply in practice, not least because there is a fundamental difference in financial stability terms between institutions that take deposits and those that do not. But the challenge of how to supervise banks and non-bank payment firms and lenders on a level playing field is one that must surely be addressed, and addressed soon, by regulators in a coordinated way around the world. The time for regulators to congratulate themselves on the effectiveness of financial sector reform following the global financial crisis has come to an end. It is now time to think hard about where risks lie and how risks will develop in the emerging tech-enabled financial system, and the possible causes of the next financial crisis.

It is perhaps surprising, given all the disruption caused by covid-19, that some countries have managed to push through significant legal and regulatory reforms in banking in the past year. These measures have included significant overhauls of the whole bank regulatory regime in some countries, and in other countries further moves to implement Basel III standards. We have already seen some important changes of policy and emphasis in the United States under the new Biden administration. Legal and regulatory reform has continued in the European Union, albeit many initiatives have been delayed by the pandemic. The final departure of the United Kingdom from the European Union single market on 31 December 2020 and the resulting decoupling of London as a major banking centre from the European Union legal framework will continue to have reverberations and structural implications for banks operating in Europe. The long-term implications of Brexit for banks remain hard to predict; in particular, whether it will be a prelude to further fragmentation in banking regulation around the world.

This edition of *The Banking Regulation Review* covers 37 countries and territories in addition to the usual chapters on International Initiatives and the European Union. My thanks go to the authors for continuing to prepare informative chapters in the difficult and uncertain conditions in which many of them have been working over the past year. They continue to make this book the useful overview and guide to banking regulation around the world that it is.

Thank you also to the partners and staff of Slaughter and May in London and Hong Kong for continuing to support and contribute to this book, and in particular to Nick Bonsall, Ben Kingsley, Peter Lake, Emily Bradley, Ben Goldstein, Selmin Hakki, David Kasal, Tolek Petch, David Shone, Adrien Yeung and Ada Zhang.

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Jan Putnis
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Chapter 37

UNITED ARAB EMIRATES

Bashir Ahmed, Rahat Dar and Adite Aloke[1]

I INTRODUCTION

The United Arab Emirates, and in particular Dubai, have in recent years developed as the key financial hub of the Middle East. The UAE is fast becoming one of the leading financial centres in the world.

There are essentially three broad categories of banks in the UAE: commercial banks, Islamic banks and foreign banks, all licensed and regulated by the Central Bank of UAE (the Central Bank). Based on the total assets at the end of the third quarter of 2020, the five largest banks in the UAE are:

a First Abu Dhabi Bank;
b Emirates NBD;
c Abu Dhabi Commercial Bank;
d Dubai Islamic Bank; and
e Mashreq Bank.[2]

In Moody's long-term ratings of banks, the UAE banking system changed from stable in 2019 to negative in 2020. The change may be attributed to the material weakening of the stand-alone credit profiles amid a challenging operating environment in the UAE due to the circumstances presently surrounding the novel coronavirus outbreak as well as lower oil prices and pre-existing economic challenges.[3]

II THE REGULATORY REGIME APPLICABLE TO BANKS

i UAE

The regulatory framework for banking in the UAE is based on the Banking Law,[4] under which the Central Bank is entrusted with the issuance and management of the country's currency, and the regulation of the banking and financial sectors.

1 Bashir Ahmed is a partner and Rahat Dar and Adite Aloke are senior associates at Afridi & Angell.
2 www.alvarezandmarsal.com/sites/default/files/uae_pulse_q3_2020.pdf.
3 www.moodys.com/research/Moodys-affirms-the-ratings-of-eight-United-Arab-Emirates-banks--PR_425761.
4 Federal Law No. 14 of 2018 concerning the Central Bank, and Organisation of Financial Institutions and Banking.

The Banking Law provides for the licensing and regulation by the Central Bank of:

a banks, which are defined to include institutions licensed to primarily carry on the activity of accepting deposits and other licensed financial activities such as granting loans, issuing and collecting cheques, placing bonds, trading in foreign exchange and precious metals, or carrying on other operations allowed by law or by customary banking practice;

b exchange houses and money intermediaries (i.e., foreign exchange dealers who purchase and sell currencies);

c Islamic financial institutions, which are defined as financial institutions licensed to undertake all the activities of a commercial bank, but in accordance with the principles of Islamic shariah; and

d other financial institutions.

The Banking Law does not apply to statutory public credit institutions, governmental investment institutions, development funds, private savings and pension funds, or to the insurance sector. Neither does it apply to the free zones or financial institutions established therein. The Central Bank does, however, have the right to exercise its powers over financial institutions outside the UAE or in free zones after consulting the relevant authority.

While the Central Bank is the principal regulatory authority of banks and financial institutions in the UAE, all such entities are also subject to additional registration and licensing requirements at the federal and emirate levels.

All commercial banks incorporated in the UAE must be established as public shareholding companies, and must be majority-owned by UAE nationals. A majority of directors of such companies must be UAE nationals. The minimum UAE national shareholding requirement for finance companies, banks and exchange houses is 60 per cent. Unlike branches of foreign companies in the UAE, foreign banks are not required to appoint a national agent in order to establish a branch in the UAE.

Based on data available on the Central Bank website, as at December 2020 there were 21 UAE banks and 27 foreign banks registered in the UAE.[5]

The principal difference in the treatment of local and foreign commercial banks is that local banks are not subject to any taxation on their income, whereas foreign banks are subject to tax at the emirate level.

Non-resident banks can grant bilateral credit facilities and participate in syndications in the UAE. They are not deemed to be resident, domiciled or carrying on business in the UAE, and are not liable to pay tax in the UAE merely on account of such bilateral facilities or participation in syndications. All licensed financial institutions are required under the Banking Law to maintain the confidentiality of all customer data and information.

ii Emirates Securities and Commodities Authority

The Emirates Securities and Commodities Authority (SCA) regulates the securities markets in the UAE. All UAE banks are listed in one of the two onshore markets, the Abu Dhabi Exchange and the Dubai Financial Market. The SCA licenses all brokers, consultants and custodians who provide services related to listed securities. The Investment Funds Regulation issued by the SCA in July 2013 transferred regulatory responsibility for the licensing and

5 www.centralbank.ae/sites/default/files/2021-02/Statistical%20Bulletin%20-%20December%20 2020_310121.pdf.

marketing of investment funds, and for a number of related activities, from the Central Bank to the SCA. The sale, marketing and promotion of foreign securities and funds in the UAE and the establishment of domestic funds require the approval of the SCA. This requirement has been further clarified and established under SCA Board of Directors Decision No. 3 of 2017 on the Regulation of Promotion and Arranging Activities.

iii Dubai International Financial Centre

The Dubai Financial Services Authority (DFSA) has adopted a regulatory approach modelled, at least in part, on the former Financial Services Authority in the United Kingdom. The DFSA does not grant banking licences per se; rather, it authorises financial service providers to undertake specific financial services. The relevant financial services in respect of banks include providing credit and accepting deposits. There are about 630 financial services firms with a presence in the Dubai International Financial Centre (DIFC). Of these, a substantial number of institutions do not have authority to accept deposits. This reluctance on the part of various institutions to be a 'true' bank can be traced back to two causes:

a DIFC entities were historically not able to deal with retail customers. This restriction was lifted several years ago, but the business model of the vast majority of institutions within the DIFC has been to focus on corporate clients or high-net-worth individuals; and

b banks have been reluctant to apply for authorisation to accept deposits because they remain unable to deal in dirhams or accept deposits from the UAE markets.

Most of the banks that have set up in the DIFC have done so as branches of overseas companies; this has been done for capital adequacy reasons. Recently, however, it has been the policy of the DFSA to encourage banks to incorporate new subsidiaries within the DIFC and capitalise those subsidiaries to an acceptable level.

iv Abu Dhabi Global Market

Following the success of the DIFC, a new financial free zone, the Abu Dhabi Global Market (ADGM), was set up in Abu Dhabi and became operational in the second half of 2015. The financial services regulatory framework for the ADGM aims to reflect current international best practices by assimilating the key aspects of other regulatory regimes across the world. The ADGM has its own regulator, the Financial Services Regulatory Authority (FSRA). Like the DFSA, the FSRA does not grant banking licences per se. Banks licensed in the ADGM are prohibited from accepting deposits from the UAE market, and may not accept deposits or undertake foreign exchange transactions involving UAE dirhams.

v US Foreign Account Tax Compliance Act

The UAE and the United States reached an agreement in substance in May 2014 to include the UAE on the list of jurisdictions to be treated as having an intergovernmental agreement in effect in relation to the US Foreign Account Tax Compliance Act (FATCA). The UAE has adopted Model 1. Banks and financial institutions now routinely comply with FATCA requirements.

vi Common Reporting Standard

The UAE Cabinet has approved the agreement on mutual administrative assistance in tax matters and the multilateral competent authority agreement by way of Cabinet Resolution No. 9 of 2016. Thus, the Common Reporting Standard (CRS) of the Organisation for Economic Co-operation and Development (OECD) has been effective in the UAE since 1 January 2017 to implement the automatic exchange of information about financial accounts. The International Financial Reporting Standard 9 is required to be complied with by banks and financial institutions in the UAE. On 1 January 2019, the new International Financial Reporting Standard 16 (which applies to leases and replaces the IAS 17 standard) became effective.

vii OECD

The UAE has implemented the standards of joint disclosures and the exchange of information for tax purposes set out by the G20 and the OECD. This follows the UAE Cabinet's decision requiring the Ministry of Finance to coordinate with various government authorities to collect financial information to implement information exchanges for tax purposes. The CRS calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions annually. Banks and financial institutions started collecting the required financial data as of 1 January 2017.

III PRUDENTIAL REGULATION

i UAE

The Central Bank has issued regulations on a whole range of issues and ensures compliance with those regulations on the basis of a bank–examiner-type approach.

In a significant development, the Central Bank issued Circular No. 52 of 2017, which came into effect on 1 February 2017, on capital adequacy norms by way of the phased implementation of Basel III. Article 2 of the regulations explains the quantitative requirements and states that the total regulatory capital comprises the sum of two tiers, where Tier 1 capital is composed of a Common Equity Tier 1 (CET1) and an additional Tier 1. Banks must comply with the following minimum requirements at all times: CET1 must be at least 7 per cent of risk-weighted assets (RWA); Tier 1 capital must be at least 8.5 per cent of RWA; and total capital, calculated as the sum of Tier 1 capital and Tier 2 capital, must be at least 10.5 per cent of RWA. The regulations were fully implemented on 1 January 2018.

Circular No. 16/93 issued by the Central Bank governed large exposures incurred by banks. Large exposures were funded exposures. Banks were restricted from exceeding the maximum exposure per client or group. Circular No. 32/2013 was issued by the Central Bank in November 2013 to replace Circular No. 16/93. Now large exposures include funded and unfunded exposures and unutilised committed lines. Revised restrictions have been imposed with regard to lending to government and government-owned entities. Banks cannot lend sums exceeding 100 per cent of their capital to governments and their related companies, or more than 25 per cent to an individual borrower. The rules also prescribe the manner in which different categories of assets are to be risk-weighted. In March 2020, the Central Bank issued new regulations with respect to major acquisitions (the Major Acquisitions' Regulations) with a view to regulating and supervising major acquisitions being undertaken by banks in the UAE. The Major Acquisitions Regulations apply to all banks licensed to carry out financial activities by the Central Bank in the UAE, including subsidiaries, affiliates and international branches, and restricts banks from, inter alia, acquiring any other institution or transferring any part of their liabilities without obtaining the prior approval of the Central Bank.

Furthermore, the mortgage caps of 75 per cent and 80 per cent of the value of a first home issued by the Central Bank for expatriates and UAE nationals, respectively, were revised in 2020 to 80 per cent and 85 per cent, respectively. This was done by the Central Bank during the pandemic with a view to reducing the financial burden on residents and citizens.

ii DIFC

Relationship with the prudential regulator

Firms authorised by the DFSA are required to notify the DFSA of all matters that could reasonably be expected to be notified to the DFSA. There are quarterly reporting requirements in respect of capital adequacy. The DFSA regularly conducts themed reviews. Previous reviews have focused on the prevention of money laundering and terrorism financing. The DFSA has also focused on authorised firms' compliance with restrictions imposed on dealing with Iranian counterparties arising from the United Nations sanctions relating to nuclear non-proliferation and politically exposed persons. Recent reviews have also looked at client take-on processes and suitability assessments.

Management of banks

The DFSA requires all financial institutions active in the DIFC to have adequate systems and controls in place to ensure that they are properly managed. There are a number of mandatory appointments (senior executive officer, chief financial officer, etc.). Individuals holding these mandatory positions are subject to prior clearance by the DFSA. The DFSA does not impose any requirements or make any restrictions in respect of bonus payments to management and employees of banking groups other than recommending that remuneration structures and strategies are appropriate to the nature, scale and complexity of individual businesses.

Regulatory capital

Those firms holding authorisations to accept deposits and provide credit fall into prudential category 1 (being the highest of categories 1 to 5). Category 1 firms have a base capital requirement of US$10 million. The actual capital requirement may be significantly higher, depending upon the volume of business being conducted and other factors set out in the DFSA Rulebook. Historically, most banking groups established branches in the DIFC and were able to obtain waivers of the capital adequacy requirements on that basis: in short, they looked to their head office balance sheet as support for their DIFC functions. This approach is becoming less and less acceptable to the DFSA, particularly for smaller financial institutions coming from jurisdictions other than Tier I jurisdictions.

In line with the revised rules outlined for Basel III implementation, the DFSA revised the Prudential Investment Business Module of the DFSA Rulebook in 2018. This introduced changes to minimum capital requirements, new capital buffers, leverage and liquidity coverage ratios, and disclosure and monitoring requirements.

iii ADGM

The Prudential – Investments, Insurance Intermediation and Banking Rules (the PRU Rulebook) have been promulgated by the FSRA. Regulated firms are classified into five categories, primarily on the basis of the activities for which they are authorised. Banking activities, including taking deposits, fall into category 1, and attract stricter requirements such as a base capital requirement of US$10 million. Firms that are authorised to deal in investments as principal or provide credit but that cannot accept deposits fall under category 2, with a base capital requirement of US$2 million. These rules were revised by the ADGM in 2018 for the purposes of compliance with Basel III.

In March 2020, the FSRA further amended the PRU Rulebook to update provisions pertaining to the prudential supervision of banks, insurance intermediaries and investment firms operating within and from the ADGM's jurisdiction and to align its internationally recognised prudential regime more closely with the regulatory framework developed by the Basel Committee on Banking Supervision.

IV CONDUCT OF BUSINESS

i UAE

Local banks have a board of directors, a chief executive, a number of board committees and senior executives. There is currently no regulation of bonus payments to management; bonus payments have, however, not been of a magnitude that requires regulation.

UAE banks are all publicly listed companies, and must comply with the Central Bank, UAE companies and SCA laws, all of which, inter alia, regulate management.

There is currently little or no regulation of bank holding companies or subsidiaries.

Banks are required to publish quarterly audited accounts and to have their annual audited accounts approved by the Central Bank before they are published. Banks are required to obtain prior approval from the Central Bank for changes in directors, senior management, shareholders (holding more than 5 per cent equity), constitutional documents and capital.

The Banking Law, along with various circulars and notices issued periodically by the Central Bank, govern the conduct of business by banks in the UAE. The Banking Law lists various administrative and financial sanctions that may be imposed on banks as well as individuals for breach of provisions of law, regulations, decisions, rules, standards and instructions issued by the Central Bank. Accordingly, a bank may be subject to civil or regulatory liability under the Banking Law. There may also be occasions where a bank may be exposed to criminal liability under the UAE Federal Penal Code.

In accordance with the Companies Law,[6] neither a company nor any of its subsidiaries can give financial assistance to any person to subscribe to its shares, bonds or *sukuk*. The term 'financial assistance' extends to giving loans or gifts, or providing any securities or guarantees. This is likely to have a significant impact on acquisition finance transactions in the UAE.

ii Value added tax

Value added tax (VAT) was introduced in the UAE on 1 January 2018. VAT is charged at a rate of 5 per cent for goods and services (unless exempted or zero-rated). Interest-bearing banking transactions are zero-rated, whereas transaction fees and margin-based transactions

6 Federal Law No. 2 of 2015.

attract VAT at the rate of 5 per cent. For the purposes of VAT, Islamic banking products are treated at par with conventional banking products. This development has marginally increased the cost of banking for customers.

iii DIFC

The DFSA Rulebook contains a detailed conduct of business module. The Rulebook is essentially a principle-based system:[7] for example, principle 1 (integrity) states that an authorised firm must observe high standards of integrity and fair dealing, while Principle 5 (marketing conduct) states that an authorised firm must observe proper standards of conduct in financial markets. There are 12 principles, the final two being 'compliance with high standards of corporate governance', which states that an authorised firm must meet the applicable standards of corporate governance as appropriate to the nature, size and complexity of the authorised firm's activities; and 'remuneration practices', which states that authorised firms must have remuneration structures and strategies that are well-aligned with the long-term interests of the firm, and that are appropriate to the nature, scale and complexity of its business. A bank operating in the DIFC will be subject to civil liability under the various DIFC laws; and to regulatory liability in respect of the applicable DIFC laws, such as the Market Law and the Regulatory Law, plus the provisions of the DFSA Rulebook. Depending on the relevant customer documentation, a bank in the DIFC may also be exposed to civil liability under the laws of the UAE outside the DIFC. Finally, there may be occasions when a bank in the DIFC would be exposed to criminal liability (i.e., under the UAE Federal Penal Code).

iv ADGM

The FSRA promulgated the Code of Business Rulebook (COBS), which must be followed by regulated firms operating in the ADGM. The COBS describes the standard of business and client treatment obligations of these entities. The COBS consists of 16 chapters of various rules and regulations.

V FUNDING

i UAE

Under the Banking Law, commercial and investment banks must have a minimum paid-up capital. All foreign banks are required to allocate capital for their UAE operations. At least 10 per cent of the annual net profits of banks is required to be allocated to a special reserve until that reserve equals 50 per cent of the bank's paid-up capital or, in the case of a foreign bank, the amount allocated as capital for its UAE operations.

ii DIFC

There is no central bank or equivalent within the DIFC; therefore, banks registered within the DIFC must fund their activities through support from other branches of their international operations or debt issuance programmes of their own. Deposit-taking is not a significant source of funding for any institution in the DIFC.

7 The principles are set out in the general module of the Rulebook, not the conduct of business module.

iii ADGM

The analysis set out above in relation to the DIFC is also valid for the ADGM.

VI CONTROL OF BANKS AND TRANSFERS OF BANKING BUSINESS

i UAE

There is no specific definition of control (except in relation to the determination of large exposures). Control is generally viewed as a majority shareholding interest or a right to appoint the majority of the board of directors of a bank, or both. Any change in control requires the prior approval of the Central Bank.

A transfer of customer relationships (e.g., deposits, loans, credit cards, accounts, investment products) generally requires customer consent. There is no statutory mechanism for the transfer of such relationships. In recent acquisition activities, customer consent has been assumed on the basis of the provision of information regarding such acquisition activities to the customer, as well as correspondence by both the acquiring and the selling parties to the customer and the customer's failure to object.

ii DIFC

Any material change of control in a DFSA-authorised firm requires prior approval from the DFSA.

The DFSA Rulebook does not include detailed provisions regarding the methods by which banks may transfer all or part of their business (comprising deposits, and possibly loan agreements and other assets) to another entity without the consent of the customers concerned. The ability of an institution to do this would be governed by the assignment clauses in their contractual documentation as interpreted in accordance with the DIFC Contract Law. Further, any such material transfer would also require the consent and approval of the DFSA.

iii ADGM

Change of control provisions are set out in the Financial Services and Markets Regulations (FSMR) issued by the FSRA. Any material change of control in an ADGM-regulated firm requires prior approval from the FSRA. Part 10 of the FSMR deals with changes in control.

VII THE YEAR IN REVIEW

i UAE

The following key developments were observed in the UAE in the past year.

Among the various developments in 2020, one that will likely have a long-standing impact in the UAE is the Abraham Accords Declaration Treaty of Peace (the Abraham Accord), which was signed on 1 September 2020. The Abraham Accord seeks to promote diplomatic relations and normalise matters relating to travel, business and trade dealings between the UAE and the State of Israel. Among the terms agreed between the nations are cooperation and bilateral agreements in various sectors including finance, investment and innovation. As a first step in this direction, Israel's Bank Hapoalim entered into agreements with First Abu Dhabi Bank and Emirates NBD in September 2020[8] and also signed memoranda of understanding with the DIFC[9] and ADGM[10] to explore banking and fintech opportunities in the Middle East, Africa and South Asia.

Another significant development was the lifting of the embargo on Qatar by Saudi Arabia, the United Arab Emirates, Bahrain and Egypt in January 2021, after nearly five years of ties being severed. The lifting of the embargo has resulted in trade and travel links with Qatar opening up.

In October 2020, the SCA issued regulations pertaining to crypto-assets covering matters such as the issuance, trade and promotion of crypto-assets and related financial activities.

In November 2020, the Central Bank issued new consumer protection regulations with a view to, inter alia, promoting responsible financing practices, strengthening the governance and oversight of financial products and services provided by financial institutions in the UAE and implementing consumer complaint redressal mechanisms.

ii DIFC

The DIFC further consolidated its position as the regional financial hub in the past year. With effect from August 2020, the DIFC has expanded the scope of the CRS, requiring additional entities or individuals to fall into the filings requirement and increasing fines for non-compliance. This was implemented to elevate the compliance requirements of reporting financial institutions, thereby aligning the DIFC's legal and regulatory framework with international best practice.

iii ADGM

The ADGM has made substantial developments in terms of issuing licences to new entities in the past year. In March 2020, the ADGM amended the PRU Rulebook with a view to aligning its prudential regime more closely with the regulatory framework developed by the Basel Committee on Banking Supervision.[11]

VIII OUTLOOK AND CONCLUSIONS

Amid the coronavirus pandemic, the UAE has implemented various measures aimed at stimulating the economy and providing assistance to local businesses in the UAE. 2020 has been a year of adjustment and political development, and we expect that trend to shift upwards in 2021.

8 www.gulfnews.com/business/banking/israels-bank-hapoalim-sees-huge-opportunities-for-uae-israel-banking-cooperation-1.75871204.

9 www.difc.ae/newsroom/news/difc-signs-agreement-leading-israeli-bank-bank-hapoalim/.

10 www.wam.ae/en/details/1395302888419.

11 See footnote 5.

Appendix 1

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