

UNITED ARAB EMIRATES
MINISTRY OF JUSTICE

OFFICIAL GAZETTE

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Federal Decree Law No. (41) of 2023

Concerning the Regulation of the Accounting and Auditing Profession

We, Mohammad Bin Zayed Al Nahyan

President of the United Arab Emirates

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 Concerning the Competencies of Ministries and Authorities of Ministers, as amended; and
- Federal Law No. (12) of 2014 Concerning the Regulation of the Auditors' Profession, as amended;
- Based on the proposition of the Minister of Economy, and the approval of the Cabinet;

Issued the following Decree Law:

Chapter 1

General Provisions

Article (1)

Definitions

In the application of the provisions of this Decree Law, the following words and phrases shall have the meanings assigned to them respectively, unless otherwise is required by the context:

State	: United Arab Emirates.
Ministry	: Ministry of Economy.
Minister	: Minister of Economy.
SCA	: Securities and Commodities Authority.
Competent Authority	: The local concerned authority in each Emirate.
Profession	: Accounting and auditing profession.
Chartered Accountant	: The natural person licensed according to the provisions of this Decree Law to practice the profession and to provide the professional services set out in Article (4) of this Decree Law.
Accounting Firm	: The facility licensed to practice the profession according to the provisions of this Decree Law.
Professional License	: A certificate issued by the Ministry to the natural or juristic person that satisfies the conditions of license described in this Decree Law or its Executive Regulation, whereby the practice of the profession is licensed in the State.
Economic License	: A license issued by the competent authority of issuing economic licenses whereby the accounting firm is permitted to practice the licensed activity in the Emirate.
Profession Standards	: The professional standards adopted by the Ministry for the practice of the profession.
Other Assurances' Services	: Services that the chartered accountant and the accounting firms are licensed to provide, and related to the financial statements, that provide assurances to the external parties in respect of the financial information or verify the compliance with the accounting standards, financial rules and internal controls

of the economic facilities, including but not limited to the services of internal audit, consultancy reports of fiscal monitoring, reliability of electronic information systems, assessment of financial risks and other services falling in the scope of the profession standards adopted by the Ministry.

: The Committee formed under Article (22) of this Decree Law.

**Professional
Compliance
Committee (PCC)**

Article (2)

Objectives of the Decree Law

The objectives of this Decree Law shall be:

1. Regulation of the accounting and auditing profession and its practice in the State.
2. Raising efficiency of the profession related services and operations, and supporting confidence of the business and investors' community therein.
3. Governance of accountability mechanisms for practitioners in the event that it is proven that they have committed or participated in practices that are harmful to the business community.

Article (3)

Scope of Application

1. The provisions of this Decree Law shall apply to:
 - a. Chartered Accountants and Accounting Firms that practice the profession in the State.
 - b. Chartered Accountants and Accounting Firms in the free zones, wishing to practice the profession outside the free zones in the State.
2. The provisions of this Decree Law shall not apply to the government audit works undertaken by the government accountability and audit agencies and their employees, upon performing their duties over government bodies, companies and institutions subject to the control of such agencies, according to the laws of their establishment.

Article (4)

Scope of Services

The profession's scope of services is Auditing and reviewing of financial information and statements as well as other assurances and related services and reports related to financial information, which fall within the scope of the profession's standards adopted by the Ministry.

Article (5)

Ministry's Responsibilities

For purposes of enforcement of this Decree Law, the Ministry shall be responsible for the following:

1. Regulation of the profession and granting the professional license for its practice.
2. Laying down, adoption, review and development of the profession standards, approving the fellowship certificate programs related to the profession, and securing the integrity and efficiency of the professional examinations of those certificates.
3. Determination of the bodies which the Ministry approve their programs and issued certificates related to the profession.
4. Oversight and inspection on practitioners and accounting firms, and preparation of required reports thereon, according to the Executive Regulation of this Decree Law.
5. Referral of the offences attributed to the profession practitioners, described in the oversight and inspection reports prepared by the Ministry, and the complaints, whistleblowing reports and Judicial rulings received in their regard, to the Professional Compliance Committee at the Ministry to be considered and to take the appropriate decisions in their regard.
6. Informing the profession practitioners and the accounting firms of key proclamations, periodicals and research output.
7. Development of the profession work mechanisms, in coordination with the related bodies in the State.
8. Participation in local and international events and conferences related to the profession.
9. Any other responsibilities assigned by the Ministry, under the laws, regulations and the Cabinet resolutions.

Chapter 2

Practice of Profession and License

Article (6)

Practice of Profession

1. No natural or juristic person shall practice the profession in the State or render any of the services of, or the related services of the profession, except after obtaining the licenses stipulated in this Decree Law and its Executive Regulation.
2. The Chartered Accountant shall practice the profession in the State as follows:
 - a. Individually through own firm.
 - b. Working at an Accounting Firm or branch of a foreign Accounting Firm licensed in the State.
3. The Accounting Firm shall practice the profession in the State, in either of the following legal forms:
 - a. Professional company consisting of two Chartered Accountants or more.
 - b. Professional company between one Chartered Accountant or more and an international Accounting Firm.
 - c. Branch of a foreign Accounting Firm.
 - d. Any other form determined by the Executive Regulation for this Decree Law.

4. The Executive Regulation of this Decree Law shall define the regulating provisions and condition of licensing each of the forms set out in this Article.
5. The Accounting Firm shall have its own name that indicates the activity of the firm, in consistency with the rules of the economic names determined by the legislations in force in the State.

Article (7)

Pledge to practice The Chartered Accountant who has been issued a professional license by the Ministry is obligated, before starting work, to submit a written pledge to “perform its works in honesty and honor; observe the State laws; maintain fidelity of, and observe traditions and principles of the profession; comply with the profession standards and rules adopted in the State; and not to disclose secrets of its customers or any information entrusted thereto by virtue of its work, unless within limits of the applicable laws and statutes” according to the procedures set by the Ministry.

Article (8)

Professional License

1. Every person, willing to practice the profession in the State, shall apply to the Ministry to obtain the professional license according to the mechanisms adopted by the Ministry. The Executive Regulation of this Decree Law shall determine the types of professional licenses and their conditions, requirements, terms and the provisions of their issue and renewal.
2. The “Chartered Accountant” designation shall not be used, unless the professional license is obtained from the Ministry.

Article (9)

Change of the Professional License Particulars

The Chartered Accountant or the Accounting Firm shall notify the Ministry and the competent authority, as the case may be, of every amendment or change made to the professional license particulars, within (30) thirty days from the date of occurrence of the amendment or change. The Executive Regulation of this Decree Law shall define the conditions and manner of the notice, and the documents to be attached thereto.

Article (10)

Provisional Suspension of the Professional License

1. The Chartered Accountant or the Accounting Firm that may experience an impediment that precludes their practice of profession, shall apply to the Ministry for the provisional suspension of the professional license, within (30) thirty days from the occurrence of such impediment.
2. The Chartered Accountant shall, upon the lapse of the impediment, apply to the Ministry to lift the provisional suspension of their professional license.
3. The Executive Regulation of this Decree Law shall determine the conditions, procedures and periods of the provisional suspension of the professional license and the mechanisms of their lifting.

Article (11)

Cancellation of the Professional License

1. The professional license shall be cancelled in the following events:
 - a. Death of the Chartered Accountant.
 - b. Non-renewal of the license during the period defined in the Executive Regulation of this Decree Law.
 - c. Failure to satisfy any of the license conditions defined in the Executive Regulation of this Decree Law.
 - d. At request of the Chartered Accountant.
 - e. Based on an application submitted by the firm owners' jointly or their legal representative.
 - f. By order of the court or by the PCC decision.
 - g. Delivery of final judgment on the insolvency of the Accounting Firm.
 - h. Any other cases determined by the Executive Regulation of this Decree Law.
2. The Executive Regulation of this Decree Law shall determine the procedures of cancellation of the professional license and the obligations that the Chartered Accountant or the Accounting Firm shall assume, if the license is cancelled.
3. The Ministry may, at expense of the Accounting Firm, publish an advertisement of the cancellation of professional license issued for the firm, by the adopted means of publication.

Article (12)

Re-issue of License after Cancellation

1. The person whose professional license is cancelled, may apply to the Ministry at least one year after the date of cancellation, to issue a professional license according to the provisions of this Decree Law and its Executive Regulation.
2. The person whose professional license is cancelled by the PCC decision, may apply to the Ministry after the lapse of (5) five years from the date of issue of the cancellation decision, to obtain a new

Professional license. The Minister or anyone delegated thereby may approve or reject the application, based on the grounds of the previous cancellation decision.

3. The license of the person whose professional license is cancelled by a judicial ruling, shall not be re-issued.

Article (13)

Merger and Acquisition

Subject to the laws enforced in the State, any Accounting Firm may merge into another Accounting Firm, or acquire another Accounting Firm, having obtained the prior approval of the Ministry, on such conditions and procedures determined by the Executive Regulation of this Decree Law.

Article (14)

Economic License of Accounting Firms

The Accounting Firm shall obtain the economic license before the practice of activity. The competent authority that issues the economic licenses in each Emirate shall verify that the approval of the Ministry is attained, before the issue, amendment, or cancellation of the economic license of the Accounting Firm or its branches.

Article (15)

Accounting Firm Accreditation by SCA

1. The Accounting Firm shall not provide the services of audit and review of financial statements of the public joint stock companies and mutual funds, unless the SCA accreditation is obtained.
2. Subject to Clause (1) of this Article and any other conditions provided by the laws enforced in the State, the Accounting Firm appointed by the banks, insurance companies, companies of investment fund for benefit of third parties and the public joint stock companies to audit and review their financial statements, shall hold the professional license issued by the Ministry. The period of holding the license shall not be less than (5) five years.
3. SCA Board of Directors shall adopt any controls, conditions or charges for the accreditation of the Accounting Firms.
4. SCA shall advise the Ministry of the names of the accredited Accounting Firms, and of any criminal penalties issued against, or disciplinary sanctions levied on such firms by SCA.

Chapter 3

Obligations and Restrictions of the Profession Practitioner

Article (16)

Obligations of the Profession Practitioner

1. Without prejudice to the obligations prescribed in the enforced legislations, the Chartered Accountant shall during the practice of the profession, abide by the following:
 - a. Exert due diligence during the performance of work and ensure the integrity and soundness of the data stated in the results of its works.
 - b. Self-Prepare the required reports or by the employees working under the supervision of said Practitioner
 - c. Practice the profession or any of its works through an Accounting Firm or a branch thereof that holds a professional license and an economic license, according to the provisions of this Decree Law.
 - d. Comply with the provisions of this Decree Law and its Executive Regulation and the resolutions issued in their implementation, and any other legislations related to the profession.
 - e. Any other obligations determined by the Executive Regulation of this Decree Law.
2. The Accounting Firm shall:
 - a. Apply an internal control system that includes the following:
 - 1) Systems and procedures of compliance with the approved profession's code of conduct and principles.
 - 2) Methodologies of work and technologies of provision of the professional services to ensure the compliance with the adopted standards of the profession.
 - 3) Professional performance quality control system compliant with the quality control standards adopted by the Ministry.
 - 4) Ongoing professional development of their employees.
 - 5) Protection and secrecy of the customers' data and information.
 - 6) Availability of governance structure or system.
 - 7) Systems and procedures of compliance with anti-money laundering laws in the State.
 - 8) Use of the Chartered Accountant's approved signature at the Ministry on the reports issued thereby, and combine the Chartered Accountant's name and professional license number with the name and number of professional license of the firm.
 - 9) Ensure the integrity and soundness of the provided professional services.
 - b. Procure professional liability insurance for the Accounting Firm and the Chartered Accountants working at the firm. The Accounting Firm shall incur all premiums.
 - c. Provide the Ministry, whenever requested, with the issued reports and the supporting instruments, documents and working papers by such mean determined by the Ministry.
 - d. Provide the Ministry, whenever requested, with the necessary particulars of its activity.
 - e. Report to the Ministry and the competent bodies, as the case may be, any fraud, money laundering or suspected occurrence of either thereof, that is revealed during the performance of its professional services.

Article (17)

The Prescribed Restrictions on the Profession Practitioners

Without prejudice to the provisions of the enforced laws, the profession's practitioner shall be restricted to perform the following:

1. Practice the profession before the professional license is obtained from the Ministry, during the provisional suspension of the professional license, or during the suspension by virtue of a judicial ruling or a PCC decision.
2. Work in trade in violation of the profession's code of conduct.
3. Practice or advertise the profession in a manner that violates the profession's code of conduct and duties, or the applicable laws and regulations in the State, or undertake any work that contravenes the dignity and traditions of the profession.
4. Enter into contract for any services that contravene the independence of the Chartered Accountant in the services that require independence.
5. Buy securities of the customer to whom the practitioner provides services, or sell the same directly or indirectly, or provide any advice to any person in their regard.
6. Contribute in the incorporation or management of an establishment to which the practitioner previously provided their services or worked for permanently or temporarily in the last (2) two years from the date of, or from the beginning of the engagement, whichever is earlier.
7. To be a partner or an agent of a founder, partner or director of the facility with whom the practitioner contracts.
8. To be a creditor or a debtor of the client with whom the practitioner is engaged to provide any works related to the profession, except the fees of the performed services.
9. Has any transaction or interest with the client or any party who has a relation with the client to whom the professional services are provided, including but not limited to, chairman and directors of board, members of the senior executive management of the public and private joint stock companies and establishments, and the companies in which either of them contributes with at least (30%) of their capital, as well as their subsidiaries, or sister or alley companies.
10. Use the capacity of a Chartered Accountant upon providing professional works irrelevant to the scope of the profession set out in this Decree Law.
11. Any other restrictions defined by the Executive Regulation of this Decree Law.

Article (18)

Confidentiality of Information

The Accounting Firm and the Chartered Accountant shall not disclose the secrets of the facility accessed by virtue of the practice of profession, unless in the following events:

1. At request of, or by consent of the facility.

2. Based on the assignment of a judicial authority or an official investigation authority.
3. At request of the Ministry.
4. If the purpose is the prevention of occurrence of, or reporting a crime. Disclosure in this case shall be made to the competent official authority only.
5. If the purpose is the self-defense before an investigation agency or any judicial body, as required by the need of defense.

Article (19)

Maintaining Working Papers

1. The Accounting Firm shall keep the data and documents of the works contracted for that have been collected or created, processed and maintained, for at least (10) ten years from the date of issue of the report to the client. If such data and documents are related to claims pending before the judicial bodies, the period referred to shall be calculated from the date of delivery of the final judgment.
2. Partners shall be responsible for the maintenance referred to in Clause (1) of this Article, if the professional license of the accounting firm is cancelled or struck off.
3. The Executive Regulation of this Decree Law shall define the controls and the procedures necessary to keep the records, files and data referred to.

Chapter 4

Accountability and Disciplining of Practitioners

Article (20)

Disciplinary Sanctions

1. Without prejudice to the criminal liability, each Accounting Firm or Chartered Accountant violates the duties, standards or code of conduct and principles of the profession, breaches any obligations, commits any of the restrictions provided in this Decree Law or its Executive Regulation or the decisions issued in their enforcement, or acts in a profession degrading manner, shall be subject to disciplinary accountability and either of the following disciplinary sanctions:
 - a. Written notice.
 - b. Administrative fine of not less than (10,000) ten thousand Dirhams and not more than (1,000,000) one million Dirhams.
 - c. Suspension of the professional license for not less than one month, and not more than (3) three years.
 - d. Cancellation of the professional license.
2. The disciplinary sanctions set out in Clause (1) of this Article may be combined.

Article (21)

Procedures of Calling the Profession's Practitioners to Account

1. The Ministry shall refer the violations of this Decree Law and its Executive Regulation, attributed to the profession practitioners due to the performed oversight and inspection works, or complaints, whistleblowing reports and Judicial rulings, to the PCC to be heard and to take the appropriate decision in their regard.
2. Based on recommendation of the PCC, the Ministry shall report to the competent public prosecution the violations committed by the Accounting Firm or the Chartered Accountant involving a criminal offence.
3. Subject to Clause (2) of this Article, no disciplinary actions shall be taken against an Accounting Firm or a Chartered Accountant, if deciding on the attributed offence is pending the delivery of a final judgment therein.
4. The retirement of the Chartered Accountant from the profession shall not preclude taking the disciplinary actions against him, for the works committed thereby during the practice of profession, within the (5) five years following his retirement.
5. SCA shall investigate their accredited Accounting Firms, if their violation of the provisions of this Decree Law during the provision of services to any of the companies and funds supervised by SCA, is evident. SCA Board of Directors may approve imposing the disciplinary sanctions provided in this Decree Law on those firms and adopt a mechanism for filing grievance against the sanctions.

Article (22)

Professional Compliance Committee

1. By decision of the Minister, a committee called "Professional Compliance Committee" shall be formed. The PCC membership shall include a number of experienced professionals and technicians in the field of profession and professional compliance. The formation decision shall determine the working order of the Committee.
2. The Committee shall:
 - a. Consider the actions committed in breach of the provisions of this Decree Law and its Executive Regulation, by the Chartered Accountants and Accounting Firms, referred thereto by the Ministry.
 - b. Impose the disciplinary sanctions provided in this Decree Law on anyone against whom the offence is evident.
 - c. Recommend to the Ministry reporting to the competent public prosecution, if it is evident that the offences committed by the Accounting Firm or the Chartered Accountant involve criminal offence.
 - d. Express opinion in respect of the offences of the accredited accounting firms in respect of which SCA wishes to have the views of the PCC, before their referral to the public prosecution, according to their legally established competencies.
 - e. Any other competencies assigned by the Cabinet resolution.

Article (23)

Filing Grievance against Disciplinary Sanctions

1. Everyone against whom a disciplinary sanction is issued, based on the provisions of this Decree Law, may file a justified written grievance with the Ministry, within (10) ten business days from the date of being notified of the aggrieved disciplinary sanction.
2. By decision of the Minister, a committee shall be formed to consider the grievances filed against the disciplinary sanctions. The committee shall be chaired by a specialized judge to be chosen by the Minister of Justice with the membership of (4) four experienced and competent persons chosen by the Minister. The decision shall define the working order of, and the procedures of filing grievance before the Committee.
3. The decision of the grievances' committee may be contested before the competent Court of Appeal within (20) twenty business days from the date of being notified of the decision.

Article (24)

Reporting the occurrence of a crime in violation of the provisions of this Decree law

Every natural or juristic person aware of the occurrence of a crime that breaches the provisions of this Decree Law shall report it to the Ministry or the public prosecution, as the case may be, according to the mechanisms determined by the Executive Regulation of this Decree Law.

Article (25)

Civil Liability

Everyone suffers injury due to the services of a Chartered Accountant or an Accounting Firm shall be entitled to claim civil remedy for any damage suffered thereby, according to the applicable rules and procedures, under the legislations in force in the State.

Article (26)

Capacity of Judicial Seizure Officers

The employees of the Ministry or SCA designated by decision of the Minister of Justice, by agreement with the Minister or SCA Chairman, shall have the capacity of judicial seizure officers in proving any action committed in breach of the provisions of this Decree Law and its Executive Regulation and the decisions issued in their enforcement.

Chapter 5

Penalties

Article (27)

Without prejudice to any harsher penalty provided in any other law, anyone commits either of the following shall be sentenced to prison for not less than (3) three months and/or to pay fine of not less than (100,000) one hundred thousand Dirhams and not more than (2,000,000) two million Dirhams:

1. Provides false information or forged certificates to obtain the professional license.
2. Practices the profession without holding a professional license according to the provisions of this Decree Law.
3. Practices the profession during the period of suspension from the practice of profession.
4. Approves by signing a report that is not prepared by himself or by the employees working under his supervision.

Upon the judgment of conviction, the Court may order the cancellation of the professional license or closing the Accounting Firm.

Article (28)

Without prejudice to any harsher penalty provided in any other law, anyone commits either of the following shall be sentenced to prison for not less than one year and/or to pay fine of not less than (300,000) three hundred thousand Dirhams and not more than (5,000,000) five million Dirhams:

1. Approves by signing a false report during the practice of profession, while knowing the same.
2. Discloses the secrets of the facility accessed during or due to the practice of profession.
3. Facilitates the commission of any financial crime related to the public funds or seizure of third party funds, screens its perpetrator, or fails to report it to the competent bodies.

Upon the judgment of conviction, the Court may order the cancellation of the professional license or closing the accounting firm.

Article (29)

Publication of Findings, Decisions of Committees and Judgments

Subject to the enforced laws and the observed statutes, the Ministry may publish the findings of its oversight and inspection work and decisions of the committees set out in this Decree Law, as well as the final judgments delivered against the profession practitioners, in any of the determined means of publication.

Article (30)

Lawsuits Against the Profession Practitioners

The judicial authorities in the State shall advise the Ministry of the civil and criminal judgments delivered against the profession practitioners due to the practice of the profession.

Chapter 6

Closing Provisions

Article (31)

Profession Development Committee

Based on recommendation of the Minister, the Cabinet may form a profession development committee. The formation decision shall determine the members, responsibilities and working order of the committee.

Article (32)

Filing Grievance against the Rejection of Professional Licensing

1. The applicant whose application for professional license is rejected, or if the period of (20) twenty business days expires from the date of filing the license application without receiving a response from the Ministry, may file grievance in writing with the Minister or anyone delegated thereby within (10) ten business days from the date of being notified of the rejection decision or from the expiration date of the necessary period of deciding on the application.
2. If the grievance is rejected or not decided on within (10) ten business days from the date of filing, the applicant may file appeal before the competent court within (30) thirty days from the date of being notified of the rejection of grievance or expiration of the necessary period of deciding on the grievance.
3. The lawsuit of contesting the decision shall not be accepted before the competent court, unless the procedures of filing grievance described in this Article are taken.

Article (33)

Standards of the Profession

By decision of the Minister, the standards of the profession including the profession's code of conduct and principles shall be determined within (6) six months from the date of coming into force of this Decree Law.

Article (34)

Emiratization

Based on the proposition of the Minister, after coordination with the competent bodies, the Cabinet may determine the Emiratization rates at the accounting firms.

Article (35)

Complaints Heard before the Disciplinary Board

The cases heard before the disciplinary board of auditors established under the Federal Law No. (12) of 2014, in which no decision is issued by the said board before the coming into force of this Decree Law, shall be referred to the PCC to be considered and to take the appropriate decision in their regard.

Article (36)

Status Regularization

The persons enrolled at the Ministry according to the provisions of the Federal Law No. (12) of 2014 Concerning the Regulation of the Auditors' Profession shall regularize their status in accordance with the provisions of this Decree Law, no later than one year from the date of publication thereof. The Cabinet may extend the period referred to, to such periods determined thereby.

Article (37)

Charges

By the Cabinet resolution, on the recommendation of the Minister and the proposition of the Minister of Finance, the charges prescribed for the enforcement of the provisions of this Decree Law shall be determined.

Article (38)

The Decree Law Enforcing Regulations

1. On the proposition of the Minister, the Cabinet shall issue the Executive Regulation of this Decree Law, and the decisions necessary for the enforcement of the provisions of this Decree Law.
2. On the proposition of the Minister, the Cabinet may issue the regulation of administrative sanctions for the actions committed in breach of the provisions of this Decree Law and its Executive Regulation.

Article (39)

Repeals

1. Each provision violates or contravenes the provisions of this Decree Law shall be repealed. Further, the Federal Law No. (12) of 2014 Concerning the Regulation of the Auditors' Profession shall be repealed.
2. The regulations and the decisions issued in enforcement of the provisions of the Federal Law No. (12) of 2014 Concerning the Regulation of the Auditors' Profession shall remain in force, until the issue of the regulations and the decisions necessary to enforce the provisions of this Decree Law, in consistency to the provisions thereof.

Article (40)

Publication and Coming into Force of the Decree Law

This Decree Law shall be published in the Official Gazette, and shall come into force (6) six months after the date of publication.

Mohammad Bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us at the Presidential Palace – Abu Dhabi

Date: 13 /Rabi I / 1445 AH

Corresponding to: 28 / September/ 2023

