

Law No. (16) of 2005

Concerning

Dubai Silicon Oasis¹

We, Maktoum bin Rashid Al Maktoum, Ruler of Dubai,

After perusal of:

Law No. (2) of 1996 Establishing the Dubai International Airport Free Zone and its amendments; and

Law No. (7) of 2004 Establishing Dubai Silicon Oasis,

Do hereby issue this Law.

Article (1)

This Law shall be cited as "**Law No. (16) of 2005 Concerning Dubai Silicon Oasis**".

Article (2)

In application of the provisions of this Law, the following words and expressions shall have the meaning indicated opposite each of them unless the context implies otherwise:

State: The United Arab Emirates.

Emirate: The Emirate of Dubai.

Ruler: His Highness the Ruler of Dubai.

Government: The Government of Dubai.

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¹Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict, the Arabic text shall prevail.

DSO:	Dubai Silicon Oasis.
DSOA:	Dubai Silicon Oasis Authority.
Chairman:	The Chairman of the DSOA.
Free Zone:	The free zone established within the DSO.
Administrative Zone:	The administrative zone established within the DSO.
DSO Establishment:	Any natural or legal person licensed in the DSO to conduct any business permitted pursuant to this Law and the regulations issued in pursuance thereof, including all types of commercial companies mentioned in this Law.
Modern Technology:	Technologies based on designing, developing and manufacturing microelectronics, optoelectronics, nanotechnology, biotechnology, solar cells, and relevant support industries (materials, equipment, etc.), including industries based on semiconductor information technology which is developed into biotechnology and solar energy activities.

Article (3)

1. By virtue of this Law the following entities shall be established:
 - a. A zone named the "**Dubai Silicon Oasis**". The location, area, and boundaries of this zone are demarcated on the map attached to this Law; and
 - b. A legal person charged with the management of the DSO named the "**Dubai Silicon Oasis Authority**" having independent financial liability, and financial and administrative autonomy. The DSOA shall have the full capacity to contract with third parties, conduct all business in line with the objectives for which the DSOA is established, sue and be sued, and appoint any person to represent it before the courts. The head office of the DSOA shall be based in DSO. The DSOA shall be affiliated with the Government.
2. A Free Zone and an Administrative Zone shall be established within the boundaries of the DSO. The location, area, and boundaries of both zones shall be determined

by the DSOA. The Free Zone and Administrative Zone shall, with respect to their management and legislative regulation, be affiliated with the DSOA.

3. DSO Establishments shall be formed and established by the DSOA in the Free Zone in accordance with the provisions of this Law and the regulations and bylaws issued in pursuance thereof.

Article (4)

The DSO shall have the following objectives:

1. to promote and facilitate growth of the Modern Technology industry in the Emirate, and establish the Emirate as an international Modern Technology hub;
2. to develop, design, and build the Modern Technology industry in the Emirate, and provide the required infrastructure in accordance with the latest specialised technical regulations, criteria, and standards to promote this industry to the levels of international standards;
3. to develop, design, and manufacture biotechnologies;
4. to set and implement strategic policies and plans aimed to attract capitals and leading international companies specialised in the Modern Technology industry to operate in the DSO;
5. to contribute to the success of the Government general plan to develop all areas of the economy of the Emirate by preparing and training UAE nationals specialised in the Modern Technology industry; to support nationals working in these areas; and to boost the status of the Emirate as an international Modern Technology hub;
6. to provide favourable conditions, environment, and infrastructure for corporations and companies operating in the DSO to conduct their licensed activities in the DSO, and to establish a Modern Technology incubator;
7. to coordinate and cooperate with all Government entities and specialised local and international institutions and organisations which aim to support the Modern Technology industry, and to attract such entities and organisations to establish centres or offices in the DSO or in the Emirate;

8. to raise awareness of intellectual property and patent strategies in coordination with various Government departments, authorities, and entities in the Emirate, and to cooperate with the audit, execution, and law enforcement authorities with respect to protection of intellectual property and patents in the DSO;
9. to provide all means of support and protection to research, studies, and experiments to develop Modern Technology applications, inventions, and intellectual and industrial property rights of DSO Establishments and any other entities licensed in the DSO or attracted to conduct business therein; and
10. to seek to provide international information resources on various areas of the Modern Technology industry, and to participate in research programmes and international conferences.

Article (5)

The DSOA shall perform all work and duties that enable it to achieve its objectives, including:

1. to own and lease movable and immovable property required to achieve its objectives, and to invest or dispose of such property by all means of legal disposition including the sale and rental of land and real property;
2. to establish corporations and companies wholly owned by the DSO or co-owned by the DSO and third parties, or to invest in companies, entities, and corporations conducting the same or similar business and which assist the DSO to achieve its objectives within and outside the Emirate;
3. to undertake all work and transactions related to the nature of activities of the DSO as required to achieve its objectives, including commercial and industrial business, and to coordinate with local and federal government departments, international organisations, or private organisations, entities, and companies with respect to issues of mutual interest with a view to achieving its objectives and goals;
4. to regulate business and activities within the DSO, and to determine registration and licensing rules, conditions, requirements, and procedures;

5. to determine and impose fees for registration and licensing of the DSO Establishments and other fees, including fees for services provided and work undertaken by the DSO;
6. to appoint required technical, industrial, and administrative staff in accordance with the bylaws and regulations in force in the DSO; to seek assistance of any specialised media consultants, entities, and companies to enable the DSO to perform its duties; and to provide staff to DSO Establishments, at their request, in accordance with the provisions of this Law;
7. to set the organisational, administrative, and financial structure of the DSO and the companies and corporations owned by the DSO;
8. to conclude contracts and agreements and obtain licences in the name and on behalf of the DSO as required to achieve its local and international objectives, including by establishing, participating in, holding shares in, acquiring, or merging with local or international companies and sole establishments in line with the objectives of the DSO;
9. to open and manage bank accounts within and outside the State, and to obtain the loans and financing required to achieve the objectives of the DSO. The DSOA shall be authorised, subject to approval of the Chairman, to provide all guarantees and securities, including the mortgage of any or all property and assets of the DSO;
10. to establish investment funds to achieve the objectives of the DSO, including providing companies in the DSO with the financing required for their projects, and to allow investors to participate in such funds in accordance with the instructions and bylaws of the DSO;
11. to organise programmes to provide or seek to provide the grants or financing required for specialised research and studies undertaken by the DSO, its entities or the DSO Establishments. This also includes establishing or participating in investment funds aimed to support the Modern Technology industry projects;
12. to develop a cadre of UAE national technical professionals specialised in Modern Technology by supporting scholarship and internship programmes;
13. to attract researchers, scientists, technicians, and specialists; to provide all facilities required to achieve this objective in cooperation with competent Government entities; and to establish training centres and hold specialised conferences,

workshops, and training courses with a view to producing specialised technicians at the lowest cost possible;

14. to enter into agreements with universities, research and development centres, laboratories, researchers, and any other entities related to the objectives and activities of the DSO and DSO Establishments or any matters arising from or in relation to such objectives, activities, and establishments. These agreements shall aim to provide the favourable environment and the services necessary for the business of DSO Establishments, and to enable DSO Establishments to conduct their business, activities, and studies;
15. to cooperate and coordinate with competent entities in the State and with international and regional industrial property and patent offices to ensure legal protection and facilitate processing and procedures for registration of patents and other intellectual and industrial property rights. This includes facilitating and expediting the process for registration of patents of DSO Establishments;
16. to organise or participate in exhibitions, conferences, and events specialised in the Modern Technology industry;
17. to publish studies, research, and books specialised in various sectors of the Modern Technology industry; and
18. to provide all types of services and business in accordance with the objectives of the DSO.

Article (6)

The DSOA shall determine the activities and business authorised within the DSO, which include:

1. designing, manufacturing, developing, storing, supplying, distributing, redistributing, importing, and exporting Modern Technology products, and providing consultancy services related to the Modern Technology industry;
2. manufacturing and providing products and services which enhance and support Modern Technology industry and activities of DSO Establishments;
3. assembling and packaging products manufactured within or outside the DSO;

4. providing sufficient education and training related to the Modern Technology industry;
5. Supplying, assembling, and operating devices and equipment required for the Modern Technology industry in accordance with the instructions and bylaws issued by the DSOA;
6. performing all maintenance works and providing spare parts required to ensure functionality of the above mentioned devices and equipment; and
7. performing any other work in accordance with the objectives of the DSO.

Article (7)

The DSOA shall consist of a chairman, a vice chairman, a chief executive officer, and an executive body. The Chairman and vice chairman shall be appointed pursuant to a decree issued by the Ruler. The chief executive officer shall be appointed and removed by the chairman.

Article (8)

1. The chairman shall undertake the supervision of the DSO and shall, with the assistance of the vice chairman, adopt, approve, and supervise implementation of the general policies of the DSO. The chairman may delegate any powers or functions assigned to him pursuant to this Law to the vice chairman.
2. In absence of the chairman, or his inability to perform his duties, the vice chairman shall act as the chairman. The vice chairman shall directly supervise the executive management of the DSO.
3. The chief executive officer shall undertake the executive and daily management of the DSO within the powers vested in him pursuant to this Law or the resolutions of the Chairman.
4. Employees of the executive body of the DSOA shall be appointed and their employment terms, dismissal, remunerations, duties and rights, and all other relevant matters shall be determined pursuant to a special regulation prepared by the chief executive officer, in consultation with the vice chairman, and issued by the chairman.

Article (9)

The chairman shall have the duties to:

1. approve the strategic plans, approve and supervise implementation of the general policies, and adopt the development plans of the DSO;
2. approve the regulatory, administrative, and financial regulations of the DSO;
3. issue a regulation concerning recruitment and appointment of the staff of the executive, administrative, and technical bodies of the DSO, and their employment terms, dismissal, salaries, duties and rights, and all other relevant matters;
4. supervise achievement of the objectives of the DSO and approve the business, projects, and activities undertaken by the DSO;
5. approve the draft general budget of the DSO submitted by the vice chairman for each financial year;
6. approve obtaining loans and financing by the DSO as required to conduct its business and achieve its objectives; incurring any financial liabilities on behalf of the DSO; or creating any rights or encumbrances, such as mortgage, etc., in respect of any assets or property of the DSO, and approve all conditions related to the same;
7. grant land to companies and sole establishments operating in the DSO and to the employees of the DSOA;
8. monitor compliance of the DSO, in the course of conducting its business, with the applicable laws, regulations and bylaws in force; and
9. perform any other duties required or favourable for the proper management of the DSO.

Article (10)

The chairman may delegate all or any of the powers stipulated in the preceding Article to the vice chairman or to any other person or persons.

Article (11)

The vice chairman shall have the duties to:

1. supervise the executive management of the DSO, monitor the administrative, technical, and financial performance of the chief executive officer and the executive body, and prepare relevant reports to be submitted to the Chairman;
2. set the strategic plans, general policies, and development plans of the DSO, submit the same to the Chairman for approval, and supervise implementation of the same;
3. follow up achievement of the objectives of the DSO by the executive body, issue directions concerning the business, projects, and activities undertaken by the DSO, discuss with the executive body the proposed strategies required for implementing the action plans of the DSO, and submit them to the Chairman;
4. propose the internal regulations and bylaws required to achieve the objectives of the DSO, and submit the same to the Chairman for approval;
5. discuss and review the draft general annual budget prepared by the chief executive officer, and submit the same to the Chairman for approval;
6. appoint internal auditor of the DSO and seek assistance of experienced and competent advisors to discuss the business and projects of the DSO, allocate the budget for such business and projects, and supervise implementation of the same based on recommendations and studies prepared by the chief executive officer;
7. represent the DSO and sign in its name and on its behalf in respect of all contracts, transactions and dispositions, except where such powers require approval of the Chairman pursuant to law; and
8. exercise any powers delegated to him by the Chairman.

Article (12)

The Chief Executive Officer shall have the duties to:

1. manage and supervise the daily executive work of the DSOA, prepare reports related to such management and supervision, and submit the same to the vice chairman;
2. implement the strategic plans and general policies of the DSO, and propose, in consultation with the vice chairman, the development plans of the DSO and submit the same to the Chairman for approval;
3. propose, in consultation with the vice chairman, the internal regulations and bylaws required to achieve the objectives and goals of the DSO and regulate the acts, business, and services undertaken by the DSO, and submit such proposed regulations and bylaws to the Chairman for issuance;
4. propose, in consultation with the vice chairman, the works, projects, and activities undertaken by the DSO and the strategies required to implement its action plans within the budgets approved by the Chairman for such projects and activities. For this purpose, the Chief Executive Officer shall seek the assistance of experts and competent persons to study these works and projects;
5. to prepare a draft general budget for each financial year, including expenditure policies, and discuss the same with the vice chairman in preparation for its submission to the Chairman for approval;
6. represent the DSO, upon the instructions of the Chairman and vice chairman, in negotiations related to the contracts, transactions, and acts to be concluded by the DSO, particularly with respect to loan agreements, obtaining the funds required to conduct the business and achieve the objectives of the DSO, incurring any financial liabilities in the name of the DSO, or creating any rights or encumbrances, such as mortgage, etc., in respect of any assets or property of the DSO, and approve all conditions related to the same. Such contracts must be signed by the Chairman or vice chairman in accordance with the powers provided for in this Law;
7. open and operate the bank accounts of the DSOA within the limits and powers approved by the Chairman to the extent required for managing the daily executive work of the DSOA;
8. prepare and implement the human resources policies of the DSOA;
9. establish and register DSO Establishments in accordance with the laws and regulations of the DSO;

10. seek to provide all services needed by DSO Establishments, including municipal, security, transport, infrastructure, and communication and information technology services, and assist DSO Establishments by providing the personnel they need; and
11. impose and collect any service fees or charges required by the DSOA.

Article (13)

Neither the Chairman, nor the vice chairman, nor the Chief Executive Officer, nor any member of the executive body shall be personally liable for any obligations arising from the exercise or performance by any of them of any power or duty in accordance with this Law or in accordance with any laws, regulations, or bylaws of the DSO. They shall not also be liable to third parties for the operations and obligations, workers, or employees of the DSO Establishments.

Article (14)

The DSO shall have an independent budget which reflects its actual financial position. The financial year of the DSO shall commence on 1 January and end on 31 December of each year.

Article (15)

The Financial Audit Directorate shall audit the accounts of the DSO.

Article (16)

The financial resources of the DSO shall consist of:

1. income from the proceeds of services and facilities provided by the DSOA to DSO Establishments;
2. proceeds of the rental or sale of the DSO real property, including offices, buildings, land, etc.;
3. fees for the registration, establishment, licensing, and renewal or variation of licences issued by the DSO, and any fees or amounts collected by the DSO for providing services or conducting business;

4. returns on investments and proceeds of projects undertaken by the DSO directly or through companies and corporations wholly or partially owned by the DSO; and
5. financial support, gifts, and subsidies provided to the DSO by the Government or by others and accepted by the Chairman in line with the achievement of the DSO objectives and the laws in force.

Article (17)

1. The DSO Establishments registered with the Free Zone and their employees shall be subject to zero percent tax, including income tax, on their operations within the DSO for a period of fifty (50) years. This grace period shall commence on the date on which such DSO Establishments and employees commence work, and may be extended for the same period pursuant to a resolution of the Chairman.
2. The DSO Establishments registered with the Free Zone shall be exempt from customs duties on any goods, tools, commodities, or raw materials manufactured, developed, or produced in the DSO or imported to the DSO and required to achieve its objectives. No customs duties on the export of the same shall be charged.

Article (18)

1. DSO Establishments registered with the Free Zone and their employees shall be exempt from any restrictions on the transfer of capital, profits, or wages in any currency to any entity outside the DSO. Exemption shall be for a period of fifty (50) years starting from the date on which such DSO Establishments and employees commence work, and may be extended for the same period pursuant to a resolution of the Chairman.
2. The funds and activities of DSO Establishments registered with the Free Zone shall not, during their operation in the DSO, be subject to any nationalisation measures or limitations to private ownership.

Article (19)

1. DSO Establishments shall conduct their activities in accordance with this Law and the regulations and bylaws issued by the Chairman in pursuance thereof.

2. Neither the DSO nor the companies and persons working in the DSO shall, with respect to their operations within the DSO, be subject to the laws, regulations, powers, and authorities of Dubai Municipality, the Department of Economic Development, or Dubai Rent Committee, except for laws and regulations related to the environment. The Chairman may issue a special regulation that includes conditions and provisions related to this Article.

Article (20)

All Government and semi-Government departments, corporations, agencies, and authorities in the Emirate, including Dubai Municipality, the Department of Economic Development, the Ports, Customs, and Free Zone Corporation, and Dubai Electricity and Water Authority, shall fully cooperate with the DSOA to enable it to achieve its goals and objectives.

Article (21)

Limited liability companies may be established in the DSO pursuant to the regulations and bylaws of the DSO, and shall be deemed as DSO Establishments. Such companies may be owned by one or more UAE or non-UAE natural or legal persons. Branches of foreign companies may be established in the DSO in accordance with the regulations and bylaws of the DSO.

Article (22)

The DSOA shall have the power to approve the establishment and registration of DSO Establishments, and to regulate all relevant procedures and matters, including the establishment, registration, and recognition of the above companies, imposing registration fees, determining the conditions and rules governing such establishments and companies, issuing regulations concerning liquidation of the same, and any other matters necessary for the control and monitoring of their activities.

Article (23)

A name of a limited liability company established pursuant to the provisions of this Law shall, in all transactions, contracts, advertisements, invoices, correspondence, and publications, end with an indication that it is established in the DSO as a free zone company pursuant to the provisions of this Law, failing which the owner or owners of the company shall be personally liable without limit for the obligations of the company.

Article (24)

The following products and goods shall be prohibited in the DSO:

1. services, products, and goods which violate intellectual, industrial, literary, and artistic property laws;
2. products, services, and goods boycotted or banned pursuant to the laws in force in the State, or which violate the bylaws and regulations of the DSO; and
3. services, goods, and products which have inscriptions, drawings, ornamentations, marks, or figures that conflict with religious doctrines, teachings, and concepts of Abrahamic religions, or contravene public morality.

Article (25)

The following activities are prohibited in the DSO:

1. any unlicensed activity for which a licence is required by this Law;
2. any deliberate operation or activity that may cause malfunction of computer hardware or software; and
3. any activities or operations that constitute unfair competition or violate the laws and regulations in force in the DSO.

The DSOA may prepare a list of products, services, or activities prohibited in the DSO, and may modify this list from time to time.

Article (26)

The DSOA shall undertake control and inspection of the activities of DSO Establishments which are suspected of violating the provisions of this Law or of any other legislation. The DSOA shall, in cooperation with other competent departments, have the authority to audit, investigate, and record violations within the DSO in respect of goods, products, and activities which contravene intellectual property laws.

Article (27)

DSO Establishments may, in the course of conducting their business within the DSO, employ or hire any persons, except that such persons may not be citizens of any country politically or economically boycotted by the State.

Article (28)

Assignment to any party or entity of any licence issued by the DSOA shall be deemed void.

Article (29)

DSO Establishments shall conduct their activities in accordance with the laws in force in the DSO and with the licences issued to DSO Establishments pursuant to such laws and regulations.

DSO Establishments may be based outside the DSO for a maximum of four (4) years after the date on which this Law comes into force in accordance with the conditions and restrictions set by the DSOA. For the purposes of this Article, activities and business of such the DSO Establishments conducted outside the DSO shall be deemed conducted within the DSO, and shall be subject to the laws and regulations in force in the DSO.

Article (30)

The Ruler may establish tribunals or arbitration panels in the DSO to consider demands, claims, and disputes arising from or related to the activities conducted by the DSO Establishments within the DSO, including demands and claims between the DSO Establishments and any other parties based outside the DSO. The order forming these tribunals or panels shall provide for the method of forming the same, their functions, and the procedures for challenging their decisions.

Article (31)

The Chairman shall issue a bylaw which determines the civil penalties prescribed for violating the provisions of this Law, the regulations issued in pursuance thereof, or any of the terms of licences issued by the DSOA. The bylaw shall specify the entity authorised to impose and enforce such penalties.

Article (32)

This Law shall supersede Law No. (7) of 2004 Establishing Dubai Silicon Oasis.

Article (33)

Any provision in any other local law or legislation shall be repealed to the extent that it contradicts the provisions of this Law.

Article (34)

This Law shall be published in the Official Gazette and shall come into force on the day on which it is published.

Maktoum bin Rashid Al Maktoum

Ruler of Dubai

Issued in Dubai on 16 July 2005
Corresponding to 10 Jumada al-Thaniyah 1426 A.H.