

**MONTHLY NEWSLETTER**

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**Recent Legal Developments  
in the  
United Arab Emirates  
and  
Highlights from  
Bahrain, Egypt, Iran, Kuwait,  
Oman, Pakistan, Qatar and Saudi Arabia**

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UNITED ARAB EMIRATES

1. Dubai: Protection of Coastal Regions

Emiri Decree No. 22 of 2001 enacts rules protecting the coastal regions of the Emirate of Dubai. No natural or juristic persons, including government departments and public corporations and authorities, may establish any projects or facilities or implement any engineering works in the coastal regions unless the requirements set forth in the Decree are complied with. A map attached to the Decree defines the coastal regions within which the new rules apply as extending ten nautical miles into the Gulf.

The Decree requires that a no objection letter be obtained from the Dubai Municipality before commencement of any of the activities in question. Also required is a soil test to ascertain the quality and type of sand that is expected to be removed, the results of which must be notified to the Dubai Municipality to enable it to make use of excess sand for replenishing other coastal areas exposed to erosion. Activities that require the approval of the Dubai Municipality shall be deemed to include excavation works, demolition works, and sand removal and transfer for any purposes, whether such works are conducted wholly or partially within the coastal region.

Any person violating the provisions of the new Decree may be subject to a fine of up to Dh 500,000, and may be further required to pay compensation to make good the harm. If a violation is committed by a government department or a public corporation or authority, then the Director General of the Municipality shall refer the matter to the Office of the Ruler so that the appropriate measures may be taken.

In a related measure, an order of the Ruler gives the Dubai Municipality the power to supervise and to protect the public beaches of Dubai, with regulatory and development responsibility. Municipality inspectors are tasked with investigating acts of destruction, damage, littering, and other acts that harm public places or render them unsuitable for use. Violators may be subject to existing criminal penalties, and may be further ordered to pay compensation to make good the harm. The Municipality is authorized to call upon the assistance of other government and public agencies, and those agencies are instructed to cooperate fully with the Municipality.

2. Courier Regulations

The Emirates Postal Corporation has promulgated new rules that govern the activities of private courier companies in the U.A.E. Registration of private couriers has been required since 1985 (see the May 1985 edition of

this Newsletter).

Courier companies are allowed to operate in the U.A.E. as a limited exception to the general postal monopoly enjoyed by Emirates Post. No party other than Emirates Post may engage in transport of documents, letters or packages without obtaining a license from Emirates Post. The licensed activity must be conducted from licensed offices, and a license holder may conduct only the activity listed in the license. A license holder may obtain licenses from Emirates Post to open multiple branches in the U.A.E. However, if any such branch has a different owner, partner, sponsor or commercial name, then the application will be treated as an application for a new license submitted by a different party that must fulfill the requirements for an independent license.

Licenses are valid for twelve month renewable terms. A license applicant must be a U.A.E. national, acting as owner, partner or sponsor. The requirement to obtain licenses from Emirates Post is additional to the licensing obligations that are imposed on businesses in general.

The new regulations require that a courier company's charges for transport of letters must be at least five times the charges imposed by Emirates Post for domestic deliveries of up to 500 grams and for international deliveries of up to 250 grams. Charges for transport of packages up to 500 kilograms may be no less than the charges of Emirates Post. The Emirates Post board of directors is authorized to amend the foregoing levels when required by the public interest, and private courier companies have no right to object or to claim compensation in respect of such changes.

The new rules impose an annual licensing fee equal to 10% of the gross revenue of a courier company, subject to a minimum fee of Dh 100,000, which minimum amount must be paid upon grant or renewal of a license, with the balance paid quarterly thereafter. Courier companies are required to keep audited accounts to support the calculation of the applicable fee, with Emirates Post having the right to inspect such accounts.

The regulations provide that a courier company shall be liable for any loss or damage to items carried, and shall also be liable for any harm that might result from conduct of its activities. Courier companies are required to notify the public and their clients of the limits of liability and the grounds for compensation which they observe.

### 3. Listing of Bonds

A draft Resolution to be issued by the Securities and Commodities Authority proposes a regulatory framework for the listing on U.A.E. securities exchanges of bonds issued

by local and foreign companies.

An issuer of bonds that wishes to list its bonds on a U.A.E. securities exchange must submit an application to the Authority. The following requirements apply:

1. The bonds must be issued in accordance with the applicable legal requirements in the country where issued.
2. At least two years must have passed since incorporation of the issuer.
3. The issuer must have a fully paid unencumbered capital of at least Dh 40 million and must have realized distributable net profits averaging at least 5 percent of the capital during the two financial years immediately preceding the application for listing.
4. The bonds must be issued in a convertible currency.
5. In the case of foreign bonds, the bonds must be listed on a foreign securities exchange that is regulated by a body performing functions similar to those of the Authority.
6. The issuer must appoint a representative in the U.A.E. who is authorized to register transfers in ownership of the bonds, to pay yields, to pay the value of the bonds upon maturity, and to receive and to issue reports and documents relevant to the bonds.
7. The managers of the bond issue must sign an undertaking accepting responsibility for any inaccuracy in the prospectus, confirming that they exercised sufficient and reasonable care to verify the accuracy thereof, and confirming that the contents of the prospectus are true and do not omit any relevant information.

The application submitted to the Authority must contain the following information:

1. The name of the issuer, its headquarters, its corporate form, its capital, the date of its incorporation, and its nationality if it is a company.
2. The type and number of bonds to be listed, the date and number of their issue, their nominal value, their rate of return and date that the return begins to be calculated, and their maturity.
3. The rights of the bondholders, and details of any payment guarantees with names of the guarantors.
4. The priority enjoyed by the bonds as to payment of

returns, payment of principal, or guarantees, in comparison to other bonds previously issued.

5. The convertibility of the bonds into shares and the conditions therefor.
6. Whether the bonds are subject to depreciation and the terms thereof.
7. Whether the issuer of the bonds has failed to pay any financial obligation during the last three years.
8. Whether any tax is payable on the yield of the bonds in the country of issue.
9. The rules for changing the conditions of issue of the bonds.
10. The rules for the appointment of representatives for the bondholders, their powers and the method of their appointment.
11. Names and addresses of the issuer's auditors for the past two years.
12. Whether the issuer's auditors resigned or were dismissed during the past two years leading them to deposit with the issuer a statement on circumstances that must be notified to creditors.
13. Names and addresses of any advisors and professionals mentioned in the prospectus.
14. Other financial markets in which the bonds are listed.
15. The law under which the bonds were issued.
16. The procedures for transfer of title in the bonds, including restrictions on such transfer.

The following documents must accompany the application:

1. Copy of the issuer's memorandum and articles of association.
2. Copy of the issuer's commercial registration certificate.
3. Copy of the U.A.E. Central Bank approval for the issue of local bonds (if the issuer is not a company).
4. Copy of the approval of the U.A.E. Ministry of Economy and Commerce for the issue of local bonds (if the issuer is a company).

5. Copy of the permit for the issue granted in accordance with applicable laws in the country of issue (if the bonds are foreign).
6. Certified copies of the financial statements of the issuer for the two most recent financial years.
7. Financial statements of the issuer covering the most recent financial quarters.
8. Copy of the prospectus for the issue.
9. Copy of the agreement with the placement agent.
10. Terms of conversion of the bonds to shares, if any.
11. Copy of the terms, if any, under which the bonds may depreciate.
12. Copy of the entries of transfer of title to the bonds, if any.
13. Certificate proving listing of foreign bonds in a foreign financial market.
14. Copies of any agreements on bond guarantees.
15. Certificate of appointment of a representative for the foreign issuer in the U.A.E.
16. Copy of undertaking of the manager of the issue.

#### 4. Bills of Lading

In a recent judgement, the Dubai Court of Cassation dismissed a consignee's claim against a vessel, holding that the consignee did not have capacity to sue the vessel under bills of lading that the vessel did not issue.

The case involved a shipment of goods from New York to Dubai. The consignor contracted with a carrier, and that carrier issued three bills of lading in favor of the plaintiff. That carrier arranged for the goods to be shipped on board the defendant's vessel, and the defendant issued two bills of lading in favor of a consignee other than the plaintiff. When the defendant's vessel arrived at Dubai, the goods were found to be not in conformity with the seller's invoice and the bills of lading. The plaintiff sued the defendant under the three bills of lading issued in favor of the plaintiff.

The Court of First Instance dismissed the suit on the grounds that the defendant vessel owner was not at fault, the seller in New York having shipped goods which were different from those described in the invoice and shipping

documents. The Court also held that there had been no loss or damage to the goods during transit or while they were inside the containers. The Dubai Court of Appeal reversed and entered judgement in favor of the plaintiff for the whole amount of the claim.

The Dubai Court of Cassation reversed the Court of Appeal's judgement and dismissed the plaintiff's claim on the grounds of lack of capacity of the plaintiff. On the facts of the case, the Court held that the three bills of lading under which the suit had been filed had not been issued by the defendant vessel owner, and that there was no evidence that the consignee on the bills of lading issued by the defendant had transferred its rights to the plaintiff.

**Edited by Amjad A. Khan, Esq.  
Charles S. Laubach, Esq.  
Afridi & Angell**