

In the name of God most merciful most gracious

Translation

Zayed Bin Sultan Al-Nahyan
President of the United Arab Emirates

Federal Act No.(1) of the year 1991 in respect of The
Emirates Telecommunications Corporation.

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

In pursuance of the provisional constitution,

And Act No.1 of 1972 and its subsequent amendments regarding the competence of Ministries and Powers of Ministers.

Federal Act No.(7) of 1973 regarding Wireless and Communication equipment.

Federal Act No.(8) of 1984 regarding Trading Companies

Federal Act No. (7) for the year 1976 regarding the establishment of the State Audit Institution.

And the Federal Decree No.(78) of 1976 regarding incorporation of The Emirates Telecommunications Corporation.

And in pursuance of the recommendation of the Minister of Communications, approval of the Council of Ministers and the Federal National Council and the ratification of the Federal Supreme Council, hereby, make the following Act.

CHAPTER (1)

Definitions

Article (1)

In this Act the following words and expressions shall have the meaning assigned opposite to each of them, unless otherwise it is implied by the text:

- "The State": The United Arab Emirates.
- "Government": The Government of the United Arab Emirates.
- "The Minister": The Minister of Communications.
- "The Corporation": The Emirates Telecommunications Corporation.
- "The Board": The Board of Directors of the Corporation.
- "The Articles": The Articles of Association of the Corporation.
- "Public Network": Includes equipment, stations, networks, and other telecommunications facilities owned by the Corporation.
- "Telecommunications facility":
Includes the public network and the facilities connected to the Public Network and any other facility to be connected to the Public Network.
- "The Schedule": The Schedule of compensation for damages caused to service lines as ratified by a decision of the Council of Ministers.
- "Service Lines": Lines provided for in the schedule and any amendments made on them from time to time.

CHAPTER (2)

THE CORPORATION AND THE OBJECTIVES

ARTICLE (2)

The Corporation shall be called (The Emirates Telecommunications Corporation) and in short as "ETISALAT". The Corporation shall enjoy a legal personality, full capacity and shall be operated on commercial and investment basis.

ARTICLE (3)

The Head Office of the Corporation shall be in the town of Abu Dhabi but the Corporation may establish Branches, Agencies or Offices inside or outside the State as the Board may deem fit.

ARTICLE (4)

The Corporation shall exclusively undertake telecommunications services, operate, maintain and develop the entire public telecommunications system in the State and also between the State and the outside World in accordance with the provisions of this Act and may practise the powers to achieve its objectives including:

- a) to establish, maintain and operate local and international telegraphic, telephonic, telex, leased circuits and data networks.
- b) to establish, maintain and operate TV transmission excluding production and broadcasting of programmes.
- c) to administer, connect, hire and deal in telephonic services.
- d) to plan, construct, and possess equipment and stations of transmitters and receivers related to the Corporation's activity.
- e) to determine and prescribe technical specifications for telecommunications facilities licensed for use within the State.
- f) to issue licences or permits for possession, import, manufacture, use or operation of telecommunications facilities included in the Corporation's activity irrespective of the party applying for such licence or permit.
- g) to offer consultancy and training services in the field of wire and wireless telecommunications.

h) to prepare, publish, distribute and promote or approve preparation, publication, distribution and promotion of the telephone directory, commercial directory (yellow pages), bulletins, information and data etc., that is related to the telecommunications activity or the services provided by the Corporation whether for the purpose of information, trade, publicity or any other purposes.

1. To develop and modernize the Telecommunications system in the State through training and qualifying and establishment of associated educational institutions with necessary observation paid to the pursued laws, and obtaining the latest equipment and facilities arrived at by the Telecommunications Technology.

2. Federal and local authorities, each as per its jurisdiction, shall provide, free of charge, lands, line routes and all necessary facilities to enable the Corporation to carry out its activities including laying of service lines, installation of equipment and establishment of networks etc. as the realization of the Corporation's objectives may necessitate.

3) The Corporation may without prejudice to its basic competence, invest, utilize and employ its funds in any other commercial, financial or servicing fields which in the opinion of the Board shall enhance such funds or reap profits to the Corporation in accordance with the applicable rules in the State.

4) The Corporation may, for the purpose of achieving the objects provided for in this section:

a) conclude contracts and agreements,

b) establish companies, enter partnerships or share a stock therein in accordance with the applicable rules in the UAE.

CHAPTER (3)

CAPITAL OF THE CORPORATION

ARTICLE (5)

The authorized capital of the Corporation shall be prescribed at the amount of Dh.3000,000,000/- (Dirhams Three thousand million only) and the paid up capital at Dh.1,500 million (Dirhams One thousand five hundred million only).

The paid-up capital shall be divided into shares at the value of Dh.100 each.

ARTICLE (6)

The capital may be increased, reduced or re-organised in accordance with the procedure provided for the Articles.

ARTICLE (7)

The percentage owned by the Government of the Corporation's shares shall not be less than 60%.

ARTICLE (8)

The shares of the Corporation shall only be owned by UAE national natural persons.

ARTICLE (9)

The liability of the Corporation shall be limited to its paid up capital and the liability of the members shall be limited to the nominal value of the shares held by them.

CHAPTER (4)

PROHIBITION ON ACQUIRING OR USING
TELECOMMUNICATIONS FACILITIES

ARTICLE (10)

1. No person or body shall construct, possess, use or install any telecommunications facility and shall not allocate any line routes, used for laying cables, fibre optics or otherwise for telecommunications purpose except by virtue of a licence issued by the Corporation under the provisions of this Act.

2. Licences for Wireless links that can be used within the scope of the Corporation's activity or via the public network may not be issued except upon the Corporation's prior written consent.
3. Licences shall be issued for the purpose of personal use. Trade in licensed Telecommunications equipment or services shall be prohibited.

ARTICLE (11)

The provisions stipulated in the above article of this Act shall not apply to :-

- a) The Ministry of Defence.
- b) The Ministry of Interior.
- c) Any other party to be exempted by a decision of the Council of Ministers.

CHAPTER (5)

LICENCES FOR ACQUIRE OR USE OF TELECOMMUNICATIONS FACILITIES

ARTICLE (12)

Any licence issued under this Act shall be subject to such conditions as may be prescribed by the Corporation. Such conditions shall include the type of facility, place of installation, the purposes for which and circumstances in which it shall be used and the persons who shall use it and any other restrictions or controls prescribed by the Board.

ARTICLE (13)

Upon the issuance of the licence, the conditions, specifications or purposes, upon which the licence is issued, may not be modified except upon the Corporation's written consent.

ARTICLE (14)

In the event of any change in the circumstances or the purposes on the basis of which the licence shall have been given, the licensee shall inform the Corporation within a week. The Corporation may either amend the licence to conform to the change which has occurred or cancel the same and require the licensee to submit an application for a new licence.

ARTICLE (15)

The Corporation may at any time cancel the licence if the licensee shall breach any condition thereof.

ARTICLE (16)

Licences issued under this Act shall be personal and may not be surrendered or disposed of except with the consent of the Corporation.

ARTICLE (17)

The Corporation shall determine the licence period, the manner of its renewal and amounts to be charged for issuance of licences.

ARTICLE (18)

The Corporation shall, upon such expiry or cancellation, determine the manner in which the facilities, subject of the licence, shall be disposed of. Meanwhile, the licensee shall undertake in writing not to use such facilities until a final decision shall be issued in its respect by the Corporation.

CHAPTER (6)

Import of Telecommunications facilities:

ARTICLE (19)

Import of telecommunication facilities shall not be permitted except upon the Corporation's prior written approval.

CHAPTER (7)

SERVICE CONDITIONS AND CONSIDERATION

ARTICLE (20)

The Corporation shall provide its services vide contracts to be concluded with the beneficiaries.

ARTICLE (21)

The Board shall determine the charges for the services provided by the Corporation, controls and conditions for provision of such services and the formula and

forms of contracts to be concluded with the beneficiaries in no contradiction with the provisions of this law

ARTICLE (22)

Each statement of account or note issued by the Corporation shall be deemed as intimated to the beneficiary if delivered or despatched to the address entered by the beneficiary in the contract. The beneficiary shall settle the account within the period prescribed by the Corporation on the statement of the account. If the beneficiary disputed the account within twenty days from the date of statement of account the Corporation shall ascertain his dispute and investigate it by all available administrative and technical means.

The beneficiary may, on the basis of an acceptable excuse, object to any account issued by the Corporation even after the lapse of the said period provided that such objection may not be raised after forty-five days from the statement date.

ARTICLE (23)

If the beneficiary is a party in more than one contract with the Corporation and abstains from settlement of the account due under any of these contracts, the Corporation may abstain from dealing with him and suspend all its services to him until he settles the said account.

The Corporation may, according to its discretion, apply the suspension decision on any establishment or otherwise where the beneficiary is the sole owner.

CHAPTER (8)

REPAIR OF THE FACILITIES CONNECTED TO THE PUBLIC NETWORKS

ARTICLE 24

1. The Corporation shall undertake all necessary repair and other service works for the telecommunications facilities, owned, imported or transferred to others by the Corporation as per the Conditions prescribed by it. The beneficiary may not repair, maintain or make any modifications on such facilities.

2. The Corporation shall not be held responsible for the performance or repair of the telecommunications facilities owned by the beneficiary through his own means and licenced for his use. But the Corporation may take any action as it deems fit to ascertain that these facilities are properly operated and cause no encroachment to the performance of the public network or other networks connected thereto.
3. The Corporation may suspend the services provided by any facility as mentioned in para (2) if it shall be evident to the Corporation at any time that the operation of such facility may affect or degrade in any way the performance of the public network or other networks connected thereto. The suspension may last until the causes thereof are removed or until termination of the service contract between the beneficiary on the Corporation.

Nevertheless the Corporation shall not suspend the service except after a prior notice to the beneficiary.

CHAPTER (9)

ADMINISTRATION OF THE CORPORATION

ARTICLE (25)

The administration of the Corporation shall be undertaken by a Board of Directors to be set up under the Chairmanship of the Minister and nine members, five of them shall be appointed by the Council of Ministers upon the recommendation of the Minister and in coordination with the Minister of Finance and Industry to represent the Government in the Board. The other four members shall be elected by the shareholders as per the provisions of the Articles of Association.

Except for the Chairman, the membership in the Board may not exceed three years and the member may be appointed or elected more than once.

ARTICLE (26)

The articles shall prescribe the proceedings of the meetings of the Board and the method of taking the decisions.

ARTICLE (27)

The Board shall assume all necessary powers to carry out the works necessitated by the Corporation's objectives except the powers assigned by the Act or the Article to the General Meeting.

ARTICLE (28)

The Corporation shall have a General Manager to be appointed by a decision issued by the Board. The Articles shall decide his competence and powers.

CHAPTER 10

GENERAL MEETING OF THE CORPORATION

ARTICLE (29)

The General Meeting shall within the provisions of this Act exercise all competences and powers of the Corporation within the limits of the provisions prescribed by this Act. The Articles shall define the procedures to be followed in this respect.

ARTICLE (30)

The Extra-Ordinary General Meeting shall have competence in all authorities or powers not assigned by this Act or the Articles to the Ordinary General Meeting.

ARTICLE (31)

Each shareholder of the Corporation shall have the right to attend the General Meeting, discuss the topics listed on the Agenda and interpellate the members of the Board who shall be bound to reply to the interpellations in so far as that shall not expose the Corporation's interest for damage. The shareholder may resort to the General Meeting if he considers the reply to his interpellations as insufficient and the decision of the General Meeting shall be obligatory for implementation.

The Government shall be represented in the General Meeting by the Minister.

ARTICLE (32)

The Articles shall specify the proceedings for calling shareholders for the convention of the General Meeting, proceedings, days, hours of its meetings and manner of voting on the decisions. Nevertheless, the voting shall be on secret poll if it is related to the election, disqualification and questioning of the Directors.

ARTICLE (33)

The Corporation shall comply with the general policy of the Government and obey any general or specific directions issued by the Minister or the Council of Ministers in this respect.

CHAPTER (11)

FINANCIAL SYSTEM OF THE CORPORATION

ARTICLE (34)

The financial year of the Corporation shall commence on 1st January and expire on 31st December of each year.

ARTICLE (35)

The Board shall prepare and submit at end of each financial year the Balance Sheet of the Corporation the Profit and Loss Account, the Final Accounts and a report on the Corporation's activity during the ending financial year and its financial status during that year to the General Meeting in accordance with the provisions provided for in the Articles.

ARTICLE (36)

The General Meeting shall appoint from among the auditors licenced to practice in UAE, an auditor or auditors in the manner and upon the terms prescribed in the Articles.

ARTICLE (37)

Net profits shall, upon the recommendation of the General Meeting be distributed after set off of all expenses, other costs and provisions against Royalty, facilities and services extended by the Governemnt and any amounts appropriated for the reserve in accordance with the provisions prescribed in the Articles. The Board may pay interim dividends to the shareholders during the year.

ARTICLE (38)

The Corporation shall be exempted from the advance control of the State Audit Institution.

CHAPTER (12)

FINANCIAL EXEMPTIONS

ARTICLE (39)

The Corporation shall be exempted from taxes and customs duties on machinery, equipment, raw materials, spare parts, accessories and whatsoever the Corporation may require for the purpose of carrying out its business.

ARTICLE (40)

The Corporation shall be exempted from the charges or taxes on routes or lands which the Corporation requires for laying its service lines, construction of buildings or necessary installations for administration of or supervision over these lines.

CHAPTER (13)

THE ARTICLES OF ASSOCIATION

ARTICLE (41)

The Board shall prepare the draft Articles of Association which must be approved by not less than 66% majority vote of the total shareholders rates.

Each shareholder shall have the right to attend the General Meeting and shall have votes equal to the number of the shares held by him.

The Articles of Association shall be issued by a decision of the Council of Ministers.

The Articles of Association shall be amended in same manner".

CHAPTER (14)

SERVICE LINES PROTECTION

ARTICLE (42)

Any person working nearby service line routes of the Corporation indicated in the schedule shall take all precautions and arrangements to prevent causing damage or encroachment to the safety of these lines.

ARTICLE (43)

Without prejudice to the provisions prescribed in the above para if the completion of the works of any person or party necessitates cutting of the route of any of the services or encroaching it in any way, the person carrying out this work shall immediately report the same to the Corporation. It is prohibited to proceed with or complete the work prior to the presence of the Corporation's representative for determining the manner of completing the work without encroachment to the safety of the line.

CHAPTER (15) LINE DAMAGE COMPENSATION

ARTICLE (44)

In addition to the penalties prescribed by this or any other act, anybody causes damage to any service line either by way of cut, scratch, exposure etc., shall be bound to pay the compensation prescribed in the schedule according to the type and specifications of the damaged line.

CHAPTER (16) PENALTIES

ARTICLE (45)

Without prejudice to any more greater penalty prescribed by any another Act a fine not exceeding Dh.10,000/- (Ten thousand dirhams) shall be inflicted on any person in breach of the provisions of this Act.

ARTICLE (46)

A penalty of not more than six months of imprisonment and a fine not exceeding Dhs 10,000 (Ten thousand dirhams) or both penalties shall inflicted on:-

- a) any person who embezzles, steals, transfers, utilizes or uses without legitimate claim any telephone service, current or otherwise that may be used to connect, transfer or transmit telephone or other telecommunications service.
- b) any person who uses devices, services or facilities provided by the Corporation for abusing discommoding or insulting feelings of others or for any other illegal purpose.

The Corporation may, without any prior permission from any authority, put under surveillance any device or otherwise upon reasonable causes to believe that the same is used in committing any violation prescribed in para (A) of this Article or upon the request of the victims in Para (B).

In all cases the Corporation may not tap on the contents of calls without a prior permission from the competent judicial authorities.

CHAPTER (17)
GENERAL PROVISIONS

ARTICLE (47)

The Board shall issue the financial and administrative bye-laws for management of the Corporation and shall determine the staff's conditions of service in accordance with the provisions of this Act and the Articles.

ARTICLE (48)

The Corporation shall not be dissolved except by virtue of an Act.

ARTICLE (49)

The Board shall issue necessary regulations for implementation of the Provisions of this Act.

ARTICLE (50)

Until the issuance of the Articles of Association, bylaws, administrative and financial systems and necessary decisions for the implementation of the provisions of this Act, the existing bylaws, systems, decisions and orders shall continue to be in force in no contradiction with the provisions of the law. The Federal Law No. 78 for the year 1976 regarding the establishment of the Emirates Telecommunications Corporation and the Articles and Memorandum of Association issued thereby and any other provision in conflict or contradiction with the provisions of this Act shall be cancelled.

ARTICLE (51)

The issuance of this Act shall not prejudice the rights and obligations of the Corporations standing due prior to its implementation.

ARTICLE (52)

This Act shall be published in the official gazette and be valid from the date of such publication.

Zayed Bin Sultan Al Nahyan
President of United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi
on 8th Ramadhan 1411 (A.H.)

corresponding to 24th March 1991.