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Carrying out Business on ADNOC Facilities and CICPA Security Passes

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LEGAL BRIEFING (13 March 2019)

The Critical Infrastructure & Coastal Protection Authority (CICPA) is the authority responsible for providing necessary security and protection against any threats, acts of sabotage or potential and unexpected risks that may cause damage or disruption to the functioning of all critical installations, infrastructure and establishments in the Emirate of Abu Dhabi. When carrying out activities on the Abu Dhabi National Oil Company's (ADNOC) facilities, service staff is required to have obtained special Security Passes from CICPA. This legal briefing gives an overview on the requirements for obtaining CICPA Security Passes, also in light of Abu Dhabi's new Dual License Initiative (DLI).

1. What is the role of the Critical Infrastructure & Coastal Protection Authority (CICPA)?

The Critical Infrastructure & Coastal Protection Authority (CICPA) is the government authority operating under the General Directorate of Armed Forces. It is responsible for dealing with petroleum installations (onshore and offshore) and protecting Abu Dhabi's critical infrastructure¹.

This governmental body was initially launched in May 2007 under Law No. 14 of 2007 as the Critical National Infrastructure Authority (CNIA). CNIA's functions and responsibilities were transferred to CICPA in 2012 in accordance with Abu Dhabi Law No. (1) of 2012. As part of this function, CICPA has implemented a complex security pass system.

2. What is a CICPA security pass? And who needs one?

A CICPA Security Pass is a security permit that grants access to Abu Dhabi's critical infrastructure. Temporary permits can be arranged for a period ranging from one day to one month.

CICPA Security Passes are generally issued individuals, companies, vehicles (operated with or without drivers) and vessels conducting work in sectors which are considered to be part of the critical infrastructure in Abu Dhabi. Critical infrastructure refers to, among other things, maritime industry, power plants, energy industry, oil and gas, finance, transport (air, land maritime, as well as rail), water, health, and communication. In addition, security sasses will not be issued to persons holding a tourist or free zone visa.

3. Who can apply for such a pass? What documents typically need to be submitted?

Any personnel rendering services or carrying out activities on ADNOC's facilities

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Further information on this is available under CICPA's website: <<u>www.cicpa.ae</u>>.

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are required to obtain special security passes.

Only companies with a commercial license in the Emirate of Abu Dhabi are eligible to obtain a security pass. After registering (e.g. retrieving a commercial mainland license), companies need to open a file with CICPA and submit the relevant contracts along with the rest of the documents necessary (see below). Following a security clearance, a CICPA Security Pass will be issued to a company representative and/or designated personnel.

Among other things, the following documents are required to be submitted in order for a company to open a file with CICPA:

- Valid trade license issued by the competent authorities, including the activity of "onshore and offshore oil and gas fields and facilities services" and the relevant commercial activity, carried out by the entity;
- Abu Dhabi Chamber of Commerce and Industry membership certificate;
- Establishment card:
- Letter from the company's bank, stating the company's account number;
- Memorandum of Association (for companies);
- Letter from the company stating their business activity;
- Company's exclusive agencies;
- Owners' and/or partners' passport and
- Filled in forms prepared for this (retrievable from CICPA's website).

At the moment, the cost for applying for a CICPA Security Pass depends on the type of permit required. They are subdivided as follows:

- Security Pass (individuals): AED 100;

- Security pass (vehicles): AED 200;
- Security pass (vessels): AED 500;
- Photography fee: AED 200.

The required documents and filled out forms must be submitted in person at the head office of CICPA in Abu Dhabi.

If all documents are submitted in due order, the issuance should take no longer than ten (10) working days.

4. Can a Free Zone Company apply for Security Passes?

Typically, it is not possible to apply for a CICPA Security Pass through a Free Zone Company. Only companies licensed by the Abu Dhabi Department of Economic Development- (ADDED) can apply for a CICPA Security Pass.

However, in 2018 the ADDED has launched the first phase of its Dual License Initiative (DLI) for free zone companies based on the Administrative Order No. 219 of 2018. DLI allows free zone companies to operate onshore in Abu Dhabi, Al Ain and Al Dhafra regions without leasing a separate office or engaging a local partner or sponsor. In order to obtain a dual license, companies have to retrieve a non-objection certificate from the Free Zone Authority and confirm that they do not have any other branch outside the free zone.

Keeping in mind that it is required to submit a license including "onshore and offshore oil and gas fields and facilities services", it should be noted that such activity is subject to the Supreme Petroleum Council's (SPC) approval. Recently, Abu Dhabi Global Market (ADGM) and Masdar City Free Zone (Masdar) have signed separate Memoranda of Understanding with SPC.

Based on this, free zone entities registered in ADGM and Masdar are technically eligible to apply for CICPA Security Passes SCHLÜTER GRAF www.schlueter-graf.com

directly. CICPA has confirmed this with regards to Masdar. At the moment, CICPA, however, does not have any experience with ADGM (likely due to ADGM's licensable activities being more consulting oriented). Finally, it should be noted that the scope of such passes would be limited to ADNOC facilities (and no access will be given to e.g. nuclear or other power plants).

5. Conclusion

Investors who are active in the installation and or after-sales market (e.g. maintenance) are typically required to carry out onsite activities on ADNOC's premises, either directly for ADNOC or for any of its EPC contractors. Prior to carrying out such works, investors will obtain CICPA Security Passes for the deployed staff. In

order to retrieve such passes, the applying corporate vehicle must be registered in the Emirate of Abu Dhabi.

In the past, investors may have delegated such responsibilities to their respective customers. However, in light of ADNOC's localisation program (In-Country Value – ICV), investors are now faced with the necessity of setting-up their own corporate vehicle in order to obtain and boost their localisation score (ICV score).

- If investors have already set-up their structure, they will only have to obtain relevant CICPA passes and add the respective costs to their Abu Dhabi vehicle to attribute such costs to their ICV score. If investors have not yet set-up a corporate vehicle, they should make themselves familiar with the new options provided by the DLI.

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