

**Baker
McKenzie
Habib Al Mulla.**

**Doing Business in the
United Arab Emirates**

2019



Doing Business in the United Arab Emirates

2019

Table of Contents

Introduction	1
History, Geography and Economy	3
Legal Landscape	5
1. Legal System.....	6
2. Judicial System.....	6
3. Restrictions on Foreign Investment.....	7
4. Choice of Law and Dispute Resolution.....	7
5. Taxation and VAT.....	8
6. Customs Duties	9
7. Import/Export Controls	9
8. Anti-Bribery and Corruption.....	10
9. Competition Law	11
10. Data Protection and Privacy.....	12
11. Intellectual Property.....	13
12. Government Procurement	13
13. Money Laundering	14
14. Bankruptcy	15
15. Exchanges.....	16
Foreign Investment Models	19
1. Onshore Corporate Structures.....	20
2. Free Zone Corporate Structures.....	24
3. Commercial Agency, Distribution and Franchise.....	26
Real Estate	29
1. Freehold Ownership by Foreigners	30
2. Leasehold Rights.....	31
Employment	33
1. Emiratisation.....	34
2. Pre-Hire Background/Reference Checks Permitted or Required.....	34
3. Employment Contract.....	35
4. Term and Termination/Gratuity	35
5. Working Days/Working Hours.....	38
6. Compensation/Benefits.....	38
7. Leave	39
Key Contacts	41
Annex (1) — Common Onshore Legal Vehicles	44
Annex (2) — Types of Legal Vehicles in the JAFZA	49
Annex (3) — Common Legal Vehicles in the DIFC	53
Annex (4) — Positive List table of 122 activities	56

Introduction

We are pleased to present the 2019 edition of the “Guide to Doing Business in the United Arab Emirates.”

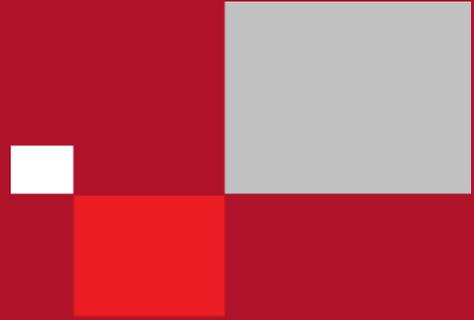
This publication is intended to offer a simple but comprehensive guide to understanding the current investment climate and the most important laws regulating investments and commercial activities in the UAE.

This guide addresses various topics, including the history, geography and economy of the UAE, the legal landscape, foreign investment models, real estate ownership and leasehold, and employment. It also provides a comparison of the available legal investment vehicles that may potentially be used to enter the UAE market.

As one of the world’s most open and swiftly growing economies, the UAE continues to be a strategic strategic business, trade and financial hub. The country has diversified beyond oil and gas exports, cultivating its construction and infrastructure, tourism, financial services and technology sectors.

For over three decades, Baker McKenzie Habib Al Mulla has helped businesses optimize opportunities and mitigate risk in the UAE and wider Middle East. We offer a full range of local and international legal advice as well as dispute resolution and litigation capabilities before all UAE courts.

Our lawyers have contributed their skills and experience in the preparation of this publication and are happy to assist you should you require more information about any of the topics covered in this guide.



History, Geography and Economy

The United Arab Emirates (UAE) is a constitutional federation formed on 2 December 1971 between the seven Emirates of Abu Dhabi, Dubai, Sharjah, Ajman, Fujairah, Umm al-Quwain and Ras al Khaimah. Formerly a part of the British protectorate known as the “Trucial States” or “Trucial Oman,” the emirates gained autonomy when the British withdrew from the Gulf region in 1971.

The UAE is strategically located in the Arabian Peninsula and covers an area of approximately 82,880 square kilometers. It shares borders with Saudi Arabia, lying at the southwest of the country, and Oman, situated at the north and southeast of the UAE. The country also lies between the Arabian Gulf and the Gulf of Oman.

Arabic culture is part of everyday life in the UAE and it influences the country’s business norms. The country is largely open to foreigners and strives to create an environment that is favorable to foreign investment and economic growth, and which promotes tolerance, diversity and multiculturalism.

The population of the UAE is estimated to be 9.6 million. Approximately 80% of the population is composed of expatriates, with a large percentage residing in Dubai. Arabic is the country’s official language—however, English is generally used in business and everyday life. Hindu, Urdu and Persian are also widely spoken. The majority of the population is Muslim.¹

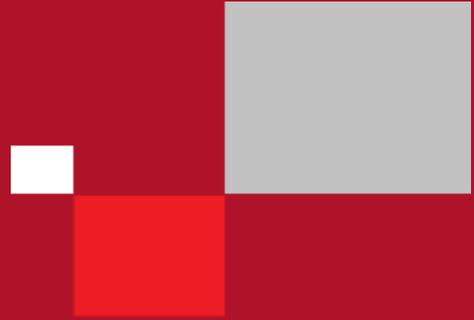
The UAE is a dynamic hub for global commerce and will be hosting the World Expo in Dubai in 2020. This will be the first time that the World Expo is staged in the Middle East, North Africa or South Asia.

The UAE has a petroleum-reliant economy with roughly a third of the country’s gross domestic product (GDP) being derived from its output of oil and gas.² The oil wealth accumulated by the country over the past 25 years has helped fund and stimulate much of its current social and economic development. However, in recent years the UAE has embarked on a largely successful effort to diversify into other economic sectors, with tourism being one of its primary focuses. The UAE attracts millions of tourists every year with a variety of attractions, such as the Dubai Shopping Festival and the annual Omega Dubai Desert Classic golf tournament. The UAE is also quickly becoming a worldwide commercial hub, as indicated by numerous multinational companies relocating their regional headquarters to the country. The main driving force behind this economic and commercial expansion is the UAE’s shift towards increasingly liberal economic policies, particularly the creation of economic and financial free zones.

The UAE has no foreign exchange controls and the currency of the UAE, the dirham, is pegged to the US dollar at a rate of AED 3.67 to USD 1. There are no restrictions or levies on the repatriation of capital and profits by foreign investors outside the UAE. At the present time, the UAE does not impose corporate or personal income tax, except on oil concessions and branches of foreign banks.

¹ Source: CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>.

² Source: CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>.



Legal Landscape

1. Legal System

As a federation, the UAE is governed by a constitution that regulates, among other things, the distribution of legislative powers between the federation (the federal capital is Abu Dhabi) and the individual emirates.

Under the UAE Constitution, federal laws have supremacy over the laws of individual emirates. However, individual emirates are permitted to enact their own legislation in areas other than those exclusively reserved to the federation. Individual emirates can also legislate on matters where the federation has not yet exercised its legislative powers. Federal laws, with the exception of property law, generally govern civil and commercial transactions.

The UAE's legal system is founded upon (i) civil law principles, most of which are heavily influenced by Egyptian law (which in turn is influenced by French law) and (ii) Islamic *Shari'a*.

Legislation is divided into a number of major laws that provide the general principles of law, including civil, criminal, commercial, civil procedure, companies, intellectual property, immigration, maritime, industrial, banking and employment.

There is no system of precedent in the UAE, however judgments of higher courts are of persuasive impact and are often upheld by the lower courts.

2. Judicial System

There is a combination of federal and emirate-level courts with parallel local jurisdictions, depending on which system the emirate has opted for.

Each emirate is entitled to either establish its own judiciary or merge with the federal court system. The judicial systems of Sharjah, Ajman, Fujairah and Umm al-Quwain have merged into the UAE Federal Judicial Authority, while Dubai, Ras al-Khaimah and Abu Dhabi, have retained their own distinct and autonomous local judicial systems.

In terms of judicial hierarchy, both the UAE federal and local judicial systems are divided into courts of first instance, courts of appeal and courts of cassation.

The UAE Federal Supreme Court, which has its seat in Abu Dhabi, is the highest court in the federal judicial system. This court is also commonly referred to as the (UAE) Supreme Court of Cassation, and acts as, among other things, a constitutional court and the court of cassation for those emirates that have merged into the federal system, in addition to settling disputes between the different emirates.

On the other hand, the local judicial systems of the Emirates of Dubai, Abu Dhabi and Ras al-Khaimah have their own courts of cassation, entirely separate and distinct from the Supreme Court of Cassation.

In addition to the federal and local courts, the Dubai International Financial Centre (DIFC), the financial free zone based in Dubai, has its own courts, which are known as the DIFC Courts.

DIFC Courts have jurisdiction over civil and commercial matters concerning contracts that were concluded or performed within the DIFC, the insolvency of DIFC corporate entities, and over civil or commercial disputes between parties who have opted to submit to these courts.

Moreover, the Abu Dhabi Global Market (ADGM), the financial free zone in Abu Dhabi, has its own courts, which are set up and modelled on the English judicial system.

3. Restrictions on Foreign Investment

One of the key aspects of the restrictions on foreign investments in the UAE is illustrated in the Federal Commercial Companies Law No. 2 of 2015 (Companies Law), mandating that corporate entities must be at least 51% owned by a UAE national or by an entity that is wholly owned by UAE nationals. In addition, certain types of commercial activities can be carried out exclusively by UAE nationals or entities wholly owned by UAE nationals, such as the activity of commercial agencies and the supply of labor.

However, restrictions on foreign ownership of companies in the UAE have been significantly relaxed or removed for certain sectors with the application of the recent Foreign Direct Investment Law No. 19 of 2018 (FDI) as detailed in the “Foreign Investment Models” section below.

Gulf Cooperation Council (GCC) nationals and entities wholly owned by GCC nationals are not subject to the foreign investment restrictions applied in the UAE and are permitted to carry out most of the activities outlawed by the policies, except for a very short list of prohibited activities exclusively reserved to UAE nationals.

At the present time, the UAE implements a legal framework of free zones which foster an attractive environment for businesses by offering companies—primarily 100% foreign-owned companies— incentives such as zero tax rates on their income and exemption from foreign exchange controls. Such free zones include economic free zones, such as the Jebel Ali Free Zone (JAFZA), and financial free zones, such as the DIFC and the ADGM.

While free zone companies are, in principle, only permitted to conduct their activities within the vicinity of the respective free zone, a number of free zones have introduced a dual licensing regime which enables a free zone company to establish a presence and operation in mainland under a Department of Economic Development (DED) licence. In all cases, investors should carefully consider these geographic restrictions when evaluating whether incorporating a company in a free zone is consistent with their objectives.

4. Choice of Law and Dispute Resolution

Generally, parties entering into contracts in the UAE are entitled to opt for a foreign law, commonly English law, to govern the relationship, except for certain types of matters, such as real rights (i.e., matters pertaining to a property located in the UAE), employment contracts or registered commercial agency, and contracts concluded with UAE government entities for public order considerations.

This choice will be upheld by local courts to the extent that the foreign law provisions do not contradict Islamic *Shari'a*, public order or the morals of the UAE. However, the party invoking the foreign law before a UAE court has the burden of proving such foreign law to the court. The court, at its discretion, may decide to apply UAE law if the party invoking the application of the foreign law fails to prove it and determine its effects.

Moreover, parties in the UAE can generally agree to submit disputes to a court in the UAE, to the DIFC, the ADGM, to a foreign court or to arbitration.

In principle, foreign law judgments are enforceable in the UAE, but in practice, enforcement has proven to be cumbersome and complex to achieve. In an effort to facilitate the enforcement of foreign judgments, the UAE has entered into numerous treaties with other countries which govern the reciprocal enforcement of foreign judgments, including the Riyadh Arab Agreement for Judicial Cooperation Convention of 1983, the GCC Convention of 1996 and other similar bilateral treaties with France, China, India and Egypt.

The UAE has enacted the new Arbitration Law under Federal Law No. 6 of 2018, which provides a modern framework in line with the United Nations Commission on International Trade Law (UNCITRAL) Model Arbitration Law. There are a number of domestic arbitration forums in the UAE, notably the Dubai International Arbitration Centre, the Abu Dhabi Commercial Conciliation Arbitration Centre and the arbitration center founded by the DIFC and the London Court of International Arbitration, known as the DIFC-LCIA Arbitration Centre. Parties may also select a foreign arbitration center such as the International Court of Arbitration of the International Chamber of Commerce or the United Nations Commission on International Trade Law.

With regard to the enforcement of foreign arbitral awards, the UAE is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, also known as the “New York Convention,” which provides for the enforcement of foreign arbitral awards in the UAE.

The majority of disputes are arbitrable in the UAE, subject to limited exceptions such as registered commercial agency disputes, labor disputes, and family and inheritance matters. In addition, disputes under contracts with UAE government are normally referred to a UAE court, except in certain emirates, eg, Dubai, where parties may opt for arbitration.

There is controversy surrounding the arbitrability of real estate-related disputes. Real estate is an area that has been regarded by UAE courts as a public order matter since it relates to wealth and individual ownership. However, on other occasions, the courts have ruled that disputes related to the non-performance of contractual obligations under a real estate sale and purchase agreement may be subject to arbitration, while disputes related to the registration or non-registration of real estate property may not be resolved through arbitration.

5. Taxation and VAT

The UAE Federal Tax Authority (FTA) was established in October 2016 to implement and administer VAT and excise tax. On 1 January 2018, the UAE introduced Value Added Tax (VAT) under Federal Law No. 8 of 2017 on the supplies of goods and services at a standard rate of 5%.

The VAT in the UAE is a broad based tax with a small number of exemptions. There are exemptions for the supplies of life insurance, financial services that are not provided for an explicit fee, residential buildings, bare land and local passenger transport. Taxpayers that carry out exempt services do not have a right to recover the VAT that is charged to them. The zero rate of VAT applies to certain supplies such as the export of services and goods, preventive and basic healthcare services and educational services. Taxpayers carrying out zero-rated supplies are entitled to input tax recovery. The supply of goods within a number of free zones (these qualify as Designated Zones) are outside the scope of VAT if certain conditions are met.

Excise tax was introduced at a federal level on 1 October 2017. Excise tax is levied on carbonated drinks (at a rate of 50%), tobacco products and energy drinks (both at a rate of 100%).

Dubai and certain other emirates impose taxes on certain goods and services, including alcoholic beverages and hotel and restaurant bills. For instance, all sales of hotels are subject to a municipality fee. The municipality fee in Dubai was reduced from 10% to 7% as of 1 July 2018.

The UAE as a federation does not have any income tax legislation. However the individual emirates have passed their own tax decrees dealing with corporate income tax but in practice corporate income tax is currently only imposed on oil producing companies and branches of foreign banks.

There are no personal income taxes in the UAE. Only government employees are required to pay social insurance contributions. However, it is worth noting that individuals may be subject to other fees

or levies. For instance, the Dubai Municipality applies a housing fee amounting to 5% of the annual rental value of property leased by Dubai residents, payable alongside the water and electricity bill.

There are no capital gains taxes levied on the sale of shares. Real estate transfer tax, referred to as “registration fees,” is levied on the transfer of ownership of real estate in the UAE (including where there is an indirect transfer in a company holding real estate in the UAE). The amount varies depending on the emirate and the location of the real estate. In Dubai, the transfer tax is currently 4%, although the DIFC charges 5%.

The UAE has entered into an extensive network of treaties to ensure the avoidance of double taxation (if any).

Moreover, the UAE became a US Foreign Account Tax Compliance Act (FATCA) partner in 2015 and signed an intergovernmental agreement with the United States setting out guidelines for the application of FATCA by financial institutions regulated by the UAE Central Bank, the UAE Insurance Authority, the Emirates Securities and Commodities Authority (SCA) and the DIFC.

The UAE has also commenced the reporting of information for tax purposes, pursuant to the Common Reporting Standards (CRS) of the Organization for Economic Co-operation and Development (OECD).

6. Customs Duties

The UAE applies customs duty at a flat rate of 5% of the total value of the cost, insurance and freight. Tobacco and alcohol are subject to a higher customs duty.

The UAE has ratified the GCC Unified Customs Duty Law under which all imports within a GCC country, including imports from a free zone into the mainland, are subject to a customs duty at a flat rate of 5%.

Certain imports are not subject to customs duties, such as goods in transit, goods imported by foreigners or by UAE nationals residing abroad for personal and household use, goods imported for military and internal security use, goods imported for the purposes of diplomatic missions and goods imported by charity associations. In each such case, imports have to fulfil a number of conditions to qualify for the exemption.

With an aim to reduce and remove tariffs, the UAE through the GCC has signed numerous free trade agreements, including the Greater Arab Free Trade Area Agreement (GAFTA).

7. Import/Export Controls

The Commodities Import and Export Federal Law No. 13 of 2007 permits UAE authorities to ban or restrict the exporting, importing, re-exporting, transiting or transshipping of commodities in the event that (i) such commodities pose a threat to public safety or hygiene, the environment, natural resources or national security, or (ii) the foreign policy of the UAE requires any such restrictions. In addition, importing goods into the UAE depends upon (i) the licensed activity of the importer, (ii) the nature of goods to be imported, and (iii) the purpose of importing the goods.

There are also specific restrictions and licensing requirements that apply to the import and sale of certain types of goods.

One example is the ban on the exportation or re-exportation of strategic goods, including arms and military hardware, chemical and biological materials, and dual-use items without a specific license and approvals of the competent authorities.

Many wireless or electronic devices must be “type approved” by the Telecommunications Regulatory Authority (TRA) before they can be imported and sold in the UAE, and importers are required to register as “approved dealers” with the TRA in order to import these types of devices. Likewise, all books, magazines, printed publications, DVDs and other media items must first be submitted to the National Media Council (NMC) for prior content approval, and a license is required from the NMC to import and distribute such types of media in the UAE. However, the extent to which these same rules apply to digital content and media delivered over the internet is unclear.

Another example of restrictions is the list of “banned” items published on the [official website of the Emirate of Dubai](#):

- All kinds of narcotic drugs (hashish, cocaine, heroin, poppy seeds, hallucination pills, etc.)
- Goods intended to be imported from boycotted countries
- Goods of Israeli origin or bearing Israeli trademarks or logos
- Crude ivory and rhinoceros horn
- Gambling tools and machineries
- Three layers fishing nets
- Original engravings, prints, lithographs, sculptures and statues in any material
- Used, reconditioned and inlaid tires
- Radiation-polluted substances
- Printed publications, oil paintings, photographs, pictures, cards, books, magazines, stony sculptures and mannequins which contradict Islamic teachings or decency, or which deliberately imply immorality or turmoil
- Any other goods, the importation of which is prohibited under the authority of UAE customs laws or any other laws in the country
- Forged and duplicate currency
- Cooked and home-made foods

Moreover, there is a general restriction on parallel imports of products if these products are exclusively imported through a registered commercial agent. Parallel imports by a third party can only be made with the written permission of the registered commercial agent or, in very specific cases, provided that permission is obtained from the authorities.

As indicated by the official list of banned items above, the UAE, being a member of the Arab League and the GCC, has a boycotting policy toward Israel. In 1995, the UAE renounced both the “secondary boycott” and the “tertiary boycott” and currently only applies the “primary boycott.” Under the “primary boycott,” the UAE refuses to deal (i) with or in goods or services from Israel or of Israeli origin, and (ii) with the State of Israel and its citizens.

This is a complex and evolving regulatory area which should be discussed in greater detail with one of our legal experts.

8. Anti-Bribery and Corruption

The UAE does not have a standalone anti-bribery or corruption law. However, different laws contain provisions dealing with anti-bribery and corruption in the public and private sectors. Most of these provisions are found in the Federal Penal Law No. 3 of 1987 (Penal Code), which was significantly amended by virtue of Federal Law No. 7 of 2016 and Federal Law No. 24 of 2018 to bring the anti-

corruption regulations in line with international practices. The Penal Code contains anti-bribery provisions which apply to both public officials, and managers and employees of private companies. The following are the categories of individuals that are subject to the anti-bribery provisions of the Penal Code:

- public officials (the definition of which includes directors, managers and all employees of public authorities, public corporations, partially owned federal or local state entities, arbitrators, court appointed experts and fact finders)
- persons assigned to public service
- foreign public officials and officials of international organizations
- private companies or establishments and employees of such entities

The scope of a bribe captures both “direct” and “indirect” bribes. A bribe-related crime is committed if a person requests, accepts or has been given a promise, directly or indirectly, to receive a gift, benefit, or unmerited gratuity to influence that person to act in a way or refrain from acting in a certain way in relation to their function/duties.

Moreover, the crime of bribery occurs even if the person receiving the bribe does not intend on executing the act for which he was offered the bribe, or if the demand or acceptance or promise of the bribe occurs subsequent to the performance of the act.

Likewise, it is a crime for an individual to offer to any of the abovementioned categories of individuals a donation or advantage of any kind, or a promise of anything of value, in order to incite the official to commit an act in violation of their duties, regardless of whether the bribe was declined or accepted.

9. Competition Law

The UAE competition regime is regulated by Federal Law No. 4 of 2012 (Competition Law) and its Executive Regulation No. 37 of 2014, as well as Cabinet Resolution Nos. 13 and 22 of 2016, which have clarified essential areas of the Competition Law, such as the relevant market share thresholds.

The key areas covered by Cabinet Resolution No. 13 of 2016 are:

- A “dominant position” is created if the market share of the respective establishments exceeds 40% of the “transactions in the relevant market.” The Competition Law prohibits the abuse of a dominant position that prejudices, limits or prevents competition.
- An “economic concentration” is created if the market share of the combined establishments exceeds 40% of total “transactions in the relevant market.” The Competition Law provides that a notification must be made to the UAE Ministry of Economy (MOE) in writing at least 30 days prior to completion of an economic concentration. Clearance will be deemed granted after the expiry of 90 days from the date of submission of a complete application. This 90-day period may be extended by an additional 45 days at the discretion of the MOE.
- “Weak-impact agreements” are now defined as agreements where the combined market share of the parties subject to the agreement does not exceed 10% of the total transactions of the relevant market. Weak-impact agreements are not considered restrictive and are permitted under the Competition Law.

The Competition Law stipulates that federal and local government entities or government-controlled entities, as well as small and medium-sized enterprises (SMEs) are exempt from its application. SMEs have been defined in Cabinet Resolution No. 22 of 2016 as enterprises having up to 200 employees (in the trading and services sectors) or 250 employees (in the industrial sector), and annual turnover not exceeding AED 250 million (in the industrial and trading sectors) and AED 200 million (in the

services sector). Turnover is calculated on the basis of the group of companies, not just the establishment that is party to the transaction.

Additionally, establishments operating in the following sectors are exempt from the provisions of the Competition Law: telecommunications, financial services, cultural activities (readable, audio and visual), pharmaceuticals, utilities, waste disposal, transportation, oil and gas, and postal services.

10. Data Protection and Privacy

Unlike other jurisdictions, the UAE has no comprehensive data protection or privacy legislation. However, data protection and privacy provisions are contained in a number of laws, regulations and policies. Significantly, the responsibility for the enforcement of these requirements is spread across a number of different regulators rather than one authority.

The UAE Constitution guarantees both freedom and secrecy of communication. The Penal Code and Federal Law No. 5 of 2012 on Cybercrime (Cybercrime Law) also include a number of provisions that deal with privacy and secrecy. For example pursuant to the Penal Code, individuals who are entrusted with a 'secret' in the course of their profession, craft, circumstance or art are prohibited from disclosing it or from using it for personal benefit or for a third party's benefit, unless permitted by law or the person to whom the secret relates has given their prior consent. The Penal Code also includes detailed provisions which prohibit a range of activities which violate an individual's privacy, including publishing their image, without their prior consent.

The DIFC and the ADGM, which benefit from autonomy in implementing commercial and civil legislation, have issued their own data protection laws which apply within their geographic boundaries and to companies operating from the free zones. In addition, the Dubai Healthcare City, another free zone, has adopted specific regulations on data protection addressing the collection, use, disclosure and transfer of healthcare data.

The UAE adopted the Cybercrime Law, which in general terms extended the offences which could be committed under the Penal Code to the online context. It also recognizes specific offences which can be committed online, including theft of electronic card data, misuse of computer systems and denial of service attacks.

Given that breaches of privacy law in the UAE may give rise to criminal liability, including in many cases custodial sentences, wherever practicable it is prudent to seek the explicit consent of the persons from whom data is collected for its intended use.

In December 2015, the Government of Dubai implemented a data sharing law under Federal Law No. 26 of 2015, requiring the exchange of data "relating" to Dubai between Dubai government entities and data providers. Data providers may include private sector businesses, including those based in Dubai free zones, as determined by the regulator; Dubai Data Establishment. The underlying purpose of the law is to gather greater volumes of data from stakeholders across the emirate, which can be made available openly or shared on a more limited basis between participants, to improve analytics and in turn to support economic growth in the emirate.

The law in the data privacy area is moving quickly and, in the absence of one federal authority coordinating legislative efforts, various sectoral regulators are introducing their own data protection and data security requirements. As a case in point, the President of the UAE issued Federal Law No. 2 of 2019, which regulates the use of information technology and communications (ITC) in the healthcare sector. The law, which will be enforced in part by the UAE Ministry of Health as well as the various health authorities across the UAE, introduces data residency requirements among a number of other data protection requirements. Meanwhile, the Telecommunications Regulatory Authority has introduced a policy regulating the provision of solutions associated with the Internet of Things (IoT).

11. Intellectual Property

Intellectual property rights (IPRs) in the UAE are protected on a federal level. However, the enforcement of these rights is implemented on a local level and therefore separately handled by the respective local authority in each emirate.

The main IPRs recognized in the UAE are patent, trademarks, copyrights, industrial designs, confidential information, trade names, domain names and plant variety rights. Some of these IPRs are protected through registration with the competent authorities in the UAE.

The UAE does not have a comprehensive intellectual property law, but a number of laws are in place governing the different types of IPRs:

- Federal Law No. 37 of 1992 on Trademarks, as amended;
- Federal Law No. 7 of 2002 on Copyrights and Related Rights, as amended; and
- Federal Law No. 31 of 2006 on Industrial Regulation and Protection of Patents, Industrial Drawings, and Designs.

Domain names (.ae) are protected in the UAE by the modified Uniform Domain-Name Dispute-Resolution Policy. Moreover, the Commercial Transactions Code, Penal Code, Civil Code, and, with respect to employees, the Labor Law, contain provisions relating to the protection of confidential information, know-how and trade names.

In addition, the Commercial Fraud Law enhances brand owners' rights by imposing strict penalties on the possession of counterfeits for the purpose of sale.

The UAE is also a member of the GCC and, therefore, applies the GCC Unified Patent Law. Moreover, the UAE is a party to a number of international treaties, including the following:

- Convention Establishing the World Intellectual Property Organization (WIPO) 1967
- WIPO Berne Convention for the Protection of Literary and Artistic Works 1971 (Berne Convention)
- WIPO Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations 1961 (Rome Convention)
- WIPO Copyright Treaty 1996
- Paris Convention
- Patent Cooperation Treaty
- World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPS)
- WIPO Performances and Phonograms Treaty 1996
- GCC Common Customs Law
- Therefore, IPRs can have a national, GCC-wide or global application, depending on the extent of the protections pursued.

12. Government Procurement

Foreign companies considering submitting bids for tenders issued by public authorities in the UAE ought to seek proper legal advice prior to submitting their proposals and agreeing to assume binding commitments.

At the federal level, Ministerial Resolution No. 20 of 2000 on Federal Government Procurement and Cabinet Resolution No. 4 of 2019 set out requirements for contracts to be executed with the UAE Federal Government, ministries and federal agencies. In relation to public private partnerships carried out by the federal entities, the UAE Cabinet has issued Resolution (1/1) for 2017 on the procedures manual for partnership between federal entities and private sector.

At the local level, the Emirates of Abu Dhabi, Dubai and Sharjah have enacted standalone procurement laws applicable to the tenders issued by local public authorities. Generally speaking, local procurement laws are substantially similar to the overall federal procurement regulations, although some matters are addressed differently in each regulation. Moreover, Dubai and Abu Dhabi have their own public private partnership laws No. 22 of 2015 and No. 2 of 2019, respectively, regulating the partnership between the public and the private sector in each of the respective emirates.

In addition, certain public authorities have specific legislation governing their procurement and tendering activities. For instance, procurements for the UAE Armed Forces are governed by special procurement rules.

A foreign entity must identify whether the applicable public authority will accept bids submitted by companies not wholly owned by UAE nationals or by companies in which UAE nationals own a minimum of only 51% of the share capital.

Most public authorities have a set of standard procurement documentation for the provision of contracting work, services and supplies, among others. Providing bid bonds, performance bonds and other guarantees issued by a bank operating in the UAE is typical in government procurements.

In procurement contracts with governmental or quasi-governmental entities, UAE law applies if parties do not agree otherwise. Referring the disputes to an arbitration seated in the relevant emirate may persuade the governmental and or quasi-governmental entity to agree on the insertion of an arbitration clause in the agreement.

13. Money Laundering

The UAE has a comprehensive framework in place for combating money laundering and terrorist financing (AML) which is now more closely in line with the Financial Action Task Force (FATF) Recommendations.³

The UAE AML Framework

The UAE AML framework consists of the following key legislation (AML Legislation):

- Federal Law No. 20 of 2018 on Anti-Money Laundering, Combating the Financing of Terrorism and the Financing of Illegal Organizations (AML Law);
- Federal Law No. 7 of 2014 on Combating Terrorism Crimes (CT Law);
- Cabinet Resolution No. 10 of 2019 (AML Resolution) which sets out the measures and requirements for implementing the AML Law; and
- a range of regulations made by the relevant UAE authorities and regulators including the UAE Central Bank, the SCA and the UAE Insurance Authority, which implement the AML Law and the AML Resolution.

³ The Financial Action Task Force Recommendations set out a comprehensive framework of standards which countries should implement in order to effectively combat money laundering. Source: <https://www.dfm.ae/>

The AML Legislation applies to all financial institutions in the UAE, as well as certain “Designated Non-Financial Business and Professions” (DNFBPs) (eg, dealers in precious metals, accountants, lawyers carrying on certain activities). The AML Law and AML Resolution follow the “Risk-Based Approach” (RBA) (as opposed to a prescriptive and blanket “one-size fits all” approach) which is provided for under the FATF Recommendations. Under the RBA, each client is classified in accordance with the level of money laundering risk the client presents. The degree of scrutiny to be applied during the mandatory customer due diligence process, both at the start of every new client relationship and on an ongoing basis, will depend on the client’s assessed money laundering risk, with higher risk clients being subject to a more onerous level of scrutiny. The AML Resolution recognizes the status of foreign and domestic “Politically Exposed Persons” (PEPs). Foreign PEPs are deemed to present a high money laundering risk, while the level of risk for domestic PEPs would need to be assessed on a case-by-case basis.

There is a requirement under the AML Law to submit a Suspicious Activity Report (SAR) to the Financial Intelligence Unit (FIU) of the UAE Central Bank whenever a person suspects money laundering activity. Financial institutions and DNFBPs are required under the AML Legislation to keep confidential all SAR and money laundering related information. The disclosure of any information in relation to the filing of an SAR or an ongoing AML investigation, to any person, is a crime punishable by imprisonment and/or a fine.

Finally, the AML Law and AML Resolution also require any person to comply with the regulations made by the relevant UAE authorities in relation to the United Nations Security Council resolutions on sanctions.

The Financial Free Zones AML Frameworks

The AML Legislation also applies in the UAE financial free zones where UAE commercial and civil laws are not applicable. The financial regulators at the financial free zones established their own very detailed and sophisticated AML regimes which are in line with the FATF Recommendations, the AML Legislation and international standards and best practice:

- in the DIFC, the financial regulator, namely the Dubai Financial Services Authority (DFSA), administers the Anti-Money Laundering, Counter Terrorist Financing and Sanctions Module of the DFSA Rulebook; and
- in the ADGM, the Financial Services Regulatory Authority (FSRA) administers the Anti-Money Laundering and Sanctions Rules and Guidance.

Although the DFSA and the FSRA do not have criminal jurisdiction, they can implement enforcement action in relation to breaches of their AML rules, and impose severe administrative sanctions. Sanctions include fines in an unlimited amount, the withdrawal of a regulatory license, as well as banning an individual from carrying activities in the relevant financial free zones.

14. Bankruptcy

The UAE has adopted Federal Law No. 8 of 2016 on Bankruptcy (Bankruptcy Law), which came into force at the end of 2016. While the Bankruptcy Law is the first standalone bankruptcy legislation, the UAE has in fact operated a (rarely used) bankruptcy regime since 1993, laid down by the Commercial Transactions Code (CTC).

The Bankruptcy Law has introduced the following key concepts:

- A framework for an out-of-court financial reorganization process has been established and a “financial reorganization committee” will be set up by the UAE Council of Ministers entrusted with supervising the reorganization of regulated financial institutions in distress.

- Preventive composition (which predated the Bankruptcy Law) will remain a possible pathway for businesses in distress. However, the conditions to opt for preventive composition have been relaxed. The ability to settle 50% of the debt is no longer a condition for the composition plan to be approved. Any debtor that is not in default for more than 30 business days or is not in a “debited financial position” may initiate a composition.
- A creditor whose receivables amount to AED 100,000 or more may commence bankruptcy proceedings against the debtor.
- If bankruptcy proceedings are initiated, debt restructuring may be opted for. While this is also a court-supervised process, debt restructuring may be initiated with the debtor’s consent if the bankruptcy trustee deems that the debt restructuring will enable a higher recovery compared to the recovery under a normal bankruptcy process entailing the sale of business.
- Crimes of dishonored cheques will be suspended if a preventive composition plan or a debt-restructuring plan is approved. In this case, the cheque holder becomes one of the unsecured creditors.
- The ability to seek new financings is reinforced. The provisions adopted in the Bankruptcy Law are more flexible compared to those of the CTC. The trustee may request the court to approve seeking new financings, secured or unsecured, necessary for the continuance of the debtor’s business. Additionally, any approved new financings will rank above the debts of unsecured creditors.
- Trustees will be nominated by debtors and have been significantly empowered under the Bankruptcy Law. This may potentially reduce the courts’ involvement and lead to a smoother and more efficient process. A trustee may also be a corporate entity.
- The scope of application of the Bankruptcy Law is broader than the CTC. All commercial companies (except for financial free zones that are subject to special bankruptcy regulations, such as the DIFC and ADGM), traders/merchants and civil partnerships (set up pursuant to the CTC) are subject to the Bankruptcy Law. Individuals remain out of the scope of the Bankruptcy Law, and the CTC continues to govern individuals unable to repay their debts.
- Directors’ liability will remain as is, meaning directors whose actions have caused losses continue to be jointly liable for the debts of the company if the assets of the debtor are not sufficient to cover 20% of its debts. Likewise, the suspect period will remain unchanged, meaning any transaction entered into within two years before the issuance of bankruptcy proceedings (the suspect period) is void or voidable.

15. Exchanges

The UAE is home to the following exchanges which are located:

- in the UAE, outside the financial free zones, and are licensed and regulated by the SCA:
 - the Dubai Financial Market⁴ (DFM), a securities exchange located in the Emirate of Dubai;
 - the Abu Dhabi Exchange⁵ (ADX), a securities exchange located in the Emirate of Abu Dhabi;
 - the Dubai Global Commodities Exchange⁶ (DGCX), a commodities exchange located in the Dubai Multi Commodity Centre (DMCC) free zone in the Emirate of Dubai;

⁴ <https://www.dfm.ae/>

⁵ <https://www.adx.ae/English/Pages/default.aspx>

- in the DIFC, and are licensed and regulated by the DFSA:
 - the Dubai Mercantile Exchange⁷ (DME), an energy-focused commodities exchange; and
 - Nasdaq Dubai⁸, a securities exchange.

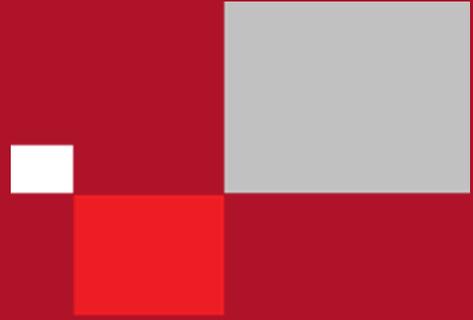
While the UAE and the financial free zones have yet to host a licensed crypto-currency exchange, this is likely to change in the future with the anticipated licensing of crypto-exchanges in either of the financial free zones.

The exchanges have their own bespoke member rules which are in line with the requirements of their relevant regulator. Members of the exchanges are subject to the rules of the exchange, as well as those of the regulator in relation to the offering of securities, the listing of securities, market disclosures, regulatory notifications, takeovers, and insider dealing and market abuse.

⁶ <https://www.dgcx.ae/>

⁷ <https://www.dubaimerc.com/>

⁸ <http://www.nasdaqdubai.com/>



Foreign Investment Models

Currently, at a very general level, foreign investors intending to commence business activities in the UAE have the option of setting up a presence either “onshore” or in one of the available free zones that have been established throughout the UAE.

For an onshore (also termed as a “mainland”) presence, i.e., outside a free zone, foreign parties can either establish a vehicle:

- under the Companies Law, which entails partnering with a UAE national (either an individual or a company fully owned by UAE nationals) who must hold at least 51% of the shares in the onshore company according to the Companies Law; or
- under the FDI Law, which may allow the foreign investor to own up to 100% of the company, if the project falls within the sectors eligible for foreign direct investment and fulfills the applicable requirements (as summarized in the Overview of Foreign Investment Models below).

For a free zone company, setting up a presence in a free zone does not require partnering with a national shareholder: 100% foreign ownership is permitted. However, there are restrictions on what a free zone company can do outside of the free zone where it is established.

Certain investors may also enter the market through a distributorship or commercial agency, depending on the nature of the contemplated activity, rather than through a direct investment. Commercial agencies, if registered with the MOE, are heavily regulated and may only be conducted by UAE nationals or companies that are 100% owned by UAE nationals/entities.

Overview of Foreign Investment Models

1. Onshore Corporate Structures

1.1 Foreign direct investment

The FDI Law sets the legal framework for relaxing foreign ownership of onshore UAE companies. The requirements for setting up a foreign direct investment company in the UAE and the list of activities which are allowed to be conducted under the foreign direct investment regime (referred to as the Positive List) was approved by the UAE government in July 2019.

The cabinet resolution containing the Positive List has not yet, at the date of this guide, been published in the official gazettes. However, it was announced by the MOE that the Positive List allows up to 100% foreign ownership of onshore UAE companies conducting any of the 122 activities (all falling within the agricultural, manufacturing and services sectors)⁹. Whilst the cabinet resolution is said to allow up to 100% foreign ownership for each of the listed business activities, the DED of each emirate has the discretion to determine the exact permissible foreign ownership percentages in companies established in the respective emirate.

The Positive List imposes certain conditions on companies in order to take advantage of the relaxation of the foreign ownership restrictions. These include:

- maintaining the minimum share capital specified by the resolution for the relevant activity;
- joining Tawteen Partners Club, which requires member companies to abide by certain emiratization ratios; and

⁹ Please see Annex 4 for the full list of activities in the Positive List.

- some activity specific requirements, such as, using modern production technologies and contributing to industry related research and development.

It is worth mentioning that there are 13 activities (referred to as the Negative List) which cannot be conducted under the foreign direct investment regime, including, but not limited to, medical retail (including pharmacies, i.e., consumer facing), oil and gas exploration and production, banking and finance services, insurance, telecommunications and commercial agency services. In addition, free zone companies cannot operate under the foreign direct investment regime.

The bodies responsible for implementing the FDI regime in the UAE are the foreign direct investment committee (FDI Committee), which is presided by the UAE Minister of Economy, and a foreign direct investment unit (FDI Unit), which is established within the MOE to implement the foreign direct investment policies and supervise foreign direct investment companies. In addition, the relevant local authorities within each emirate have been entrusted with the implementation of the FDI regime within the relevant emirate.

Currently the FDI regime is still largely untested, and it only applies to a limited number of activities as detailed above. Accordingly, the traditional onshore investment model under the Companies Law as well as the free zone investment model, detailed below, will continue to apply to a significant portion of the foreign investments undertaken in the UAE.

1.2 Onshore company under the Companies Law

Onshore companies under the Companies Law, must be established with a UAE national (either an individual or a company fully owned by UAE nationals) who must hold at least 51% of the shares in the onshore company.

As a result of this restriction on foreign ownership, it is customary to include protections for the minority party within the registered constitutive documents of the onshore company. Such protections can include (i) supermajority voting, (ii) a reservation of management control, and (iii) a disproportionate allocation of profits. In addition, shareholder agreements and other arrangements that supplement the registered constitutive documents may offer additional protection to the minority shareholder.

However, it is important to note that under Anti-Fronting Law, a foreign shareholder may not “undertake any economic or professional activity which it is not permitted to carry out under the effective laws and decrees of the UAE, whether undertaken on its own account or in venture with others; or enabling it to evade obligations applicable to it.” The enforcement of this law was deferred until 31 December 2009, since when no further clarifications on the implementation or further deferral of the Anti-Fronting Law has been provided. Therefore, and despite the market practice of entering into side agreements to mitigate the business risk associated with the local ownership requirements, investors are advised to affiliate with a genuine partner in the UAE, when possible.

Civil companies, which undertake “professional” or “consultancy” activities, such as law firms or architecture, engineering and accounting firms, can be 100% foreign-owned. However, shareholding in such companies is normally limited to individuals and is, therefore, of limited interest for large-scale capital-intensive operations.

Limited liability companies (LLCs), private joint stock companies (PJSCs) and branch or representative offices are examples of onshore corporate structures. Onshore corporate structures are governed by the Companies Law.

Form/type

The most widely used vehicle is the LLC. Branches and representative offices may also be set up in the UAE.

Choosing the most appropriate form of company depends on the purpose of the company and on the contemplated business activities. Set out in [Annex \(1\)](#) are the most common types of corporate structures used to set up business operations “onshore” in the UAE and their salient features. There are subtle differences regarding the incorporation process of legal vehicles in the different emirates.

Local Participation

The level of UAE participation required for “onshore” business structures in the UAE varies. It can either be a local service agent for a branch office or representative office of a foreign company, or a local shareholder holding a minimum of 51% national ownership of companies such as an LLC, although as mentioned above, this UAE ownership requirement will change with the implementation of the FDI Law. However, nationals of any GCC state and GCC entity can own 100% of the share capital of a UAE company provided that such company, having GCC ownership, does not engage in certain activities that may be undertaken only by companies 100% owned by UAE nationals such as commercial agencies, labor supply, services for elderly or disabled persons, cultural activities and print and publishing houses.

Objects

The activities that businesses can carry out in the UAE are restricted to those listed on the local entity’s license issued by the Department of Economic Development (DED) in the relevant emirate. For instance, the Government of Dubai adopts a standard classification guide in which all permitted economic activities are listed. If the required activity is not included in the guide, it is possible in some instances to apply for a new purpose-defined activity. However, such an application will be subject to the consent of DED and can be time-consuming, however the DED is lenient to include additional new activities on its list to support foreign investment that intend to engage in new businesses in the UAE. In addition, there are certain types of activities that require additional special licenses from a particular licensing authority, such as medical services, telecommunication and education.

Incorporation Documents

The following documents are required to set up a new legal entity in the UAE:

- In the case of a corporate founding shareholder, articles of association and certificate of incorporation, notarized and legalized by the UAE consulate or embassy in the country where it was issued
- In the case of a corporate founding shareholder, a board or shareholder resolution approving the establishment of a new company and appointing a signatory to represent it, notarized and legalized by the UAE consulate or embassy in the country where it was issued

- In the case of an individual founding shareholder, a copy of his/her passport for expatriates or a copy of the passport, Emirates ID and family card for UAE nationals
- Copy of the passport of the appointed general manager(s)/directors of the company to be incorporated
- Memorandum and articles of association of the new company
- Lease agreement for premises registered with the land department/municipality in the relevant emirate and an Ejari Certificate or its equivalent in the emirate where the company will be registered

Additional incorporation documents may be required depending on the type of legal entity or the contemplated activity.

Incorporation Process

Procedures to incorporate an entity in the UAE differ slightly, depending on the nature of the entity to be incorporated and the emirate in which the entity will be based. The DED of the relevant emirate is the authority responsible for the incorporation of legal entities in the UAE. The initial approval process would typically involve the following

- Approval and reservation of the proposed company name
- Initial approval of the proposed business activities for which the company is to be licensed
- Security clearance of the individual shareholders and general manager(s)/director to be appointed

The process of registering a branch/representative office is similar to the process of incorporating an entity, except for the following elements:

- The parent/owning entity must enter into a local service agent agreement with a UAE national or a company wholly owned by UAE nationals which can be a corporate service provider. This agreement should be notarized at a notary public in the UAE.
- Constitutional documents are not required since the branch is not a separate legal entity, however the notarized and legalized constitutional documents of the parent company and a resolution to approve the registration of the branch should be provided
- The branch must appoint an auditor licensed to operate in the UAE.
- A bank account should be opened in the UAE during the registration process of the branch and a bank guarantee of AED 50,000 must be issued in favor of the MOE.

Moreover, additional incorporation approvals are sought from the MOE for the registration of branch/representative offices.

2. Free Zone Corporate Structures

Free zones foster an attractive environment for businesses as they offer foreign investors, among others, the following:

- 100% foreign ownership
- Zero tax rates on corporate income for up to 50 years (the tax exemption may vary slightly between the different free zones and is generally calculated from the date of setting up the free zone authority)
- No foreign exchange controls
- No restriction on capital repatriation
- No currency restrictions
- No import or re-export duties (except for products entering the UAE or GCC)

There are two types of free zones in the UAE: financial free zones and economic free zones. Currently, the only two financial free zones are the DIFC and the ADGM. The tables set out in the Annex outline the differences between the DIFC, as the most established financial free zone to date, and economic free zones. There are a large number of free zones located in each emirate, with the big majority of economic free zones in Dubai, including the JAFZA, Dubai Airport Free Zone (DAFZA), Dubai Development Authority (DDA, previously known as TECOM), DMCC, Dubai Silicon Oasis and Dubai South.

(a) Economic Free Zones

Economic free zones are industry specific. Below is a brief overview of some of the special economic free zones in Dubai.

The JAFZA is one of the fastest-growing free zones in the region focused on light manufacturing, warehousing and logistics. It has access to well-developed port facilities and is frequently used as a base for regional operators throughout the GCC and the broader Middle East and North Africa region. The licenses available in the JAFZA are categorized as follows: trading activities; services activities; e-commerce activities; industrial activities; and national industrial activities (designed for manufacturing companies in which GCC nationals must own no less than 50% of the share capital). In 2017, a new set of JAFZA companies regulations and rules has introduced for the first time the option of listing shares on the stock exchange by setting up (or converting an existing presence into) a public listing company.

The DDA was formed to foster Dubai's creative and innovative industries, including Dubai Design District, Dubai Science Park, Dubai Knowledge Village, Dubai Academic City, Dubai Media City, Dubai Studio City, Dubai Internet City, International Media Production Zone and Dubai Outsource Zone. In 2016, a new set of rules and companies regulations have come into force with respect to the DDA, whereby all existing companies must adjust their legal positions within one year.

The DMCC is another free zone specializing in the trade of a wide range of commodities focused around the gold, diamond, agro-commodities, pearl, precious metals and tea industries.

Dubai South (previously known as Dubai World Central) is a relatively new economic free zone established in 2014 and is mandated to embody the vision of Dubai Plan 2021. The Al Maktoum International Airport and the World Expo 2020 site are located in Dubai South.

Free zone companies are not allowed to carry out business outside the particular free zone. If a free zone company wishes to perform activities outside the particular free zone, or maintain a separate

presence onshore in the UAE, it will need to set up either a branch office (which cannot carry out any trading activities) or a new company onshore (subject to any applicable foreign ownership restrictions), and it is subject to obtaining the necessary licenses from the relevant federal or emirate authorities.

Free zones are entitled to adopt their own regulations to govern a number of very limited areas. In practice, most free zones adopt special company regulations. However, the Companies Law will apply to entities registered in the free zones, but only with respect to matters that are not specifically governed by regulations adopted by the free zone. Free zone regulations may also adopt special regulations in respect of employment and labor matters, which often apply in conjunction with, and are sometimes subordinate to, the Labor Law.

Several free zones in the UAE have adopted the dual licensing concept, whereby a company registered in a free zone can set up a branch or a subsidiary onshore but occupy the same office of the free zone entity. There is no need for entities in the same group to lease two offices for their operations (one in the free zone and one onshore); instead one office in the free zone is acceptable to enable them to render their services. However, it is required to apply for a license from the DED for an onshore branch/subsidiary and to secure an approval from the relevant free zone to accept the dual licensing.

By way of illustration, [Annex \(2\)](#) outlines the common types of corporate vehicles available to set up business operations in the JAFZA, being one of the first and most established free zones in the UAE.

(b) DIFC

The DIFC was established in 2004 as a global financial center within Dubai with the aim of attracting global and regional financial institutions, companies and service providers. The main sectors of focus in the DIFC are the following:

- Regulated services such as:
 - Banking and brokerage services
 - Insurance and reinsurance
 - Islamic finance
 - Wealth management
- Non-regulated, ancillary services such as:
 - Professional services (eg, legal and auditing firms)
 - Global corporates
 - Retailers (business and lifestyle facilities)

Any entity in the DIFC wishing to offer regulated services must obtain the relevant license from the DFSA, which is the sole independent regulatory authority for financial services in the DIFC. A regulated entity in the DIFC (referred to as an “Authorized Firm” by the DFSA) must comply with certain regulations applicable to its prudential category in relation to paid-up capital, authorized personnel, conduct of business and annual reporting.

DIFC companies are not allowed to carry out business outside the DIFC. If a DIFC company wishes to perform activities outside the DIFC or maintain a separate presence onshore in the UAE, it will need to set up either a branch office or a new company onshore and obtain the necessary licenses from the relevant federal or emirate authorities.

The DIFC is exempt from the civil and commercial laws of the UAE and operates largely as a self-regulated common law jurisdiction. However, UAE criminal laws and specific federal regulation, including the regulations on anti-money laundering, apply in the DIFC.

The DIFC Courts have jurisdiction over civil and commercial matters relating to contracts concluded or performed within the DIFC, unless the parties select a different jurisdiction. Matters relating to the insolvency of DIFC corporate entities are also subject to the jurisdiction of the DIFC Courts. Criminal matters in relation to the DIFC are governed by federal laws and fall within the exclusive competence of the UAE courts.

The Ruler of Dubai amended the DIFC Judicial Authority Law in 2011, allowing parties without any nexus to the DIFC to opt for the submission of their dispute to the DIFC Courts. Moreover, this amendment has incorporated the terms of the protocol signed between the DIFC Courts and the Dubai Courts, by which judgments of either of the two jurisdictions are recognized and automatically enforced in the other jurisdiction.

The DIFC has reinforced its position as one of the world's top financial and business centres, introducing changes to its companies regime and enhancing the ease of doing business in the centre. On 12 November 2018, the DIFC has issued amongst other laws and regulations, the DIFC Companies Law No. 5 of 2018 (DIFC Companies Law 2018), repealing the previous Companies Law No. 2 of 2009. The changes are anticipated to provide greater flexibility for SMEs and reinforce corporate governance requirements for all DIFC companies.

The most common types of corporate vehicles available to set up business operations in the DIFC are described in [Annex \(3\)](#).

3. Commercial Agency, Distribution and Franchise

The Federal Commercial Agency Law No. 18 of 1981, as amended (Commercial Agency Law) defines a commercial agency as any arrangement whereby the principal (commonly the foreign investor) is represented by an agent to “distribute, sell, offer or provide goods or services within the UAE for a commission or profit.”

The MOE is the authority empowered to regulate commercial agencies and it has taken the position that franchise agreements are also subject to the Commercial Agency Law.

The UAE laws do not distinguish between distribution arrangements and commercial agencies.

(a) Registration and Exclusivity

The Commercial Agency Law requires all commercial agencies to be registered with the MOE. To be registered as a commercial agency with the MOE, commercial agents must be UAE nationals or companies incorporated in the UAE owned entirely by UAE nationals. The Commercial Agency Law provides that a commercial agent must be exclusive for the applicable territory and product line(s) covered by the agency agreement. Consistent with this rule, a principal could appoint a separate agent for each emirate or combination of emirates, or for different product lines, or for both different emirates and product lines.

To bolster this exclusivity requirement, the Commercial Agency Law entitles a commercial agent to receive a commission for sales made by the principal or a third party within the agent's specified territory of the product line(s) covered under the agency agreement, even if such sales are not resulting from the efforts exerted by the commercial agent.

In principle, exclusivity (either for the UAE as a whole or for individual emirates) is a prerequisite to register a commercial agency agreement with MOE.

(b) Legal Protection — Registered Agents

The Commercial Agency Law provides a certain level of protection for commercial agents that hold a registered commercial agency agreement demonstrated in the following aspects:

- Registration enables the agent to block parallel imports, including imports from free trade zones, into the UAE. However, the scope of blocked parallel imports is reduced in relation to certain categories of goods (eg, certain food products) if the categories of products are identified in UAE cabinet decisions.
- The rules governing the termination of a registered commercial agency for convenience, ie, without cause, and the non-renewal of an expired definite term registered commercial agency are very stringent. As a matter of public policy, it is not possible to contract out of the provisions of the Commercial Agency Law governing the termination and non-renewal of registered commercial agencies, and any agreement to the contrary is unenforceable.

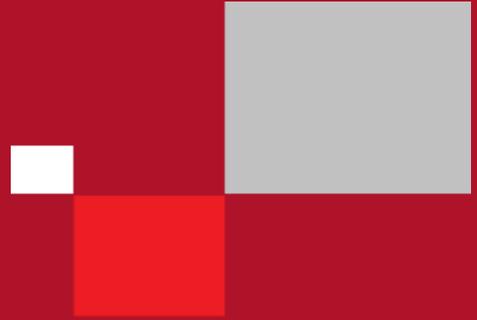
Having said that, termination and non-renewal of a registered commercial agency may only occur in the following events:

- (i) The termination of a commercial agency agreement of an indefinite term has been mutually and amicably agreed between the parties
- (ii) The non-renewal of an expired term commercial agency or the early termination of a definite term commercial agency has been mutually and amicably agreed between the parties
- (iii) The special committee within the MOE deems that the reasons for the termination request or the non-renewal request are justified
- (iv) The decision of the special committee within the MOE has been appealed before a UAE court within 30 days of its notification to the parties and a final court judgment has been issued which rules that the commercial agency must be deregistered based on evidenced reasons justifying such termination or non-renewal

If the termination or the non-renewal is not justified, the registered commercial agent will be entitled to receive compensation. The calculation of the compensation is based on a number of considerations, including the duration of the commercial agency relationship, the capital investment (personnel recruitment and salaries, lease of office and warehouse space, advertising, purchase of inventory, etc.) as well as the commercial agent's reasonable expectation of future profits from the commercial agency.

- The Commercial Agency Law gives exclusive jurisdiction to the UAE courts to hear any dispute which might arise between the principal and the commercial agent relating to a registered commercial agency agreement and any agreement to the contrary is not enforceable.

Given that registration provides commercial agents with significant protections against principals, it is common that foreign investors refrain, where possible, from registering commercial agency arrangements in the UAE. However, in some cases, government agencies may include a requirement in their respective procurement policies to only purchase products from a registered agent. Some local distributors may use (or rather abuse) this government requirement to impose a registration on their principal and with that, secure additional rights such as the ones described above. We strongly advise principals to obtain legal advice to ascertain the seriousness of such requests.



Real Estate

Ownership/Leasehold

Real Estate ownership and leasehold rights are regulated at the level of each emirate. In particular, the DIFC and the ADGM each have special real property legislation governing real estate located in their proximity.

Freehold ownership by foreign investors is restricted and restrictions vary depending on the emirate. It is more common to grant foreign investors with “usufruct rights”¹⁰ and “musataha rights,”¹¹ which are in rem rights.

The salient features of ownership and leasing rights in Dubai and Abu Dhabi are addressed hereinafter.

1. Freehold Ownership by Foreigners

Dubai

The Dubai Real Estate Registration Law No. 7 of 2006 stipulates that the right to own a “Real Property Right” in Dubai is limited to UAE citizens and nationals of GCC countries. In addition, companies wholly owned by qualified nationals, as well as PJSCs, also have the right to own a “Real Property Right” in Dubai.

Non-UAE/GCC persons may be granted the right to freehold ownership without restrictions, or to usufruct, musataha or long leasehold rights over real property for a period not exceeding 99 years in “designated areas” of Dubai.

“Real Property Rights” are defined as *in rem rights* over real property, as opposed to being purely contractual rights, and include musataha and usufruct rights. All “Real Property Rights” are required to be registered, regardless of the term length.

Abu Dhabi

The Abu Dhabi Real Estate Ownership Law No. 19 of 2005, as amended, stipulates that only UAE nationals or companies wholly owned by UAE nationals are entitled to own real estate property in Abu Dhabi. On the other hand, GCC nationals and companies wholly owned by GCC nationals are permitted to own real property located in “Investment Areas.”

Non-UAE/GCC nationals may (i) own improvements constructed on the land, excluding the land in the Investment Areas, (ii) be granted long-term usufruct rights for a period not exceeding 99 years, or long-term musataha rights for a period not exceeding 50 years, over real property in the Investment Areas, and (iii) be granted long-term leases (ie, exceeding 25 years) in the Investment Areas.

All real rights, including rights of usufruct and musataha, are required to be registered, regardless of the term length.

¹⁰ Usufruct is a real right attached to the land which gives its holder usufructuary rights similar to those of an absolute owner (eg, the right to sell and the right to mortgage), except that it resembles a lease tenure as it is held for a limited term (ie, 99 years).

¹¹ Musataha is similar to an outright ownership right except that it is only for a limited period, 50 years in particular, according to the UAE Civil Code. Commonly known as a development lease, musataha gives the holder surface or supports rights over the land allowing the holder to be the outright owner of the buildings constructed on the land during the period of the musataha. It also enables the holder to mortgage their interest in the musataha right.

2. Leasehold Rights

Dubai

(a) Termination

The Dubai Landlords and Tenants Law No. 26 of 2007, as amended by virtue of Law No. 33 of 2008, allows the parties to agree the terms of their lease in a contract, other than in relation to certain rights prescribed by the law. However, as leases are still generally for short periods (eg, one year) to protect the tenant, a rent cap applies as well as a statutory right so that a tenant may renew a lease if they elect to, except in certain (limited) circumstances.

Specifically, landlords can give tenants notice not to renew leases in the following instances:

- (i) If the landlord wishes to demolish the property for reconstruction, as long as the necessary licenses for such reconstruction have been obtained
- (ii) If the landlord wishes to renovate the property, but only if such renovations cannot be completed while the tenant is occupying the property and this fact has been certified by the Dubai Municipality
- (iii) If the landlord wishes to recover the property so that its next of kin of first degree can use it personally, as long as the landlord can prove that it does not have an equivalent property suitable for residency. Once proven, the property cannot be offered for lease for two years if it is a residential property or for three years if it is a non-residential property, unless the Real Estate Regulatory Agency (RERA) reduces this period. If the landlord does not observe this restriction, the tenant may claim damages.
- (iv) If the landlord wishes to sell the property

The landlord must give the tenant at least 12 months' notice not to renew, stating the applicable reason. Such notice must be sent through a notary public or by registered mail.

(b) Increase in rent

If there is an increase in rent for the renewal period, the landlord must give the tenant at least 90 days' notice before the expiry of the lease, unless the parties agreed otherwise. Additionally, a statutory rent cap is in place. The rent cap is calculated based on the difference between the property rental value and the average market rental rate for properties in the applicable area of Dubai. The average market rental rate is set according to the rent index produced and regularly updated by RERA. At present, the various thresholds for the rent cap are as follows:

- (i) Less than 10% below the average market rental rate — no rent increase is permitted
- (ii) Between 11% and 20% below the average market rental rate — a maximum increase in rent of 5% is permitted
- (iii) Between 21% and 30% below the average market rental rate — a maximum increase in rent of 10% is permitted
- (iv) Between 31% and 40% below the average market rental rate — a maximum increase in rent of 15% is permitted
- (v) More than 40% below the average market rental rate — a maximum increase in rent of 20% is permitted

(c) Registration

(i) Long-term Lease

The Dubai Land Department has adopted the view that leases with a term of 10 years or more, known as long-term lease contracts, amount to Real Property Rights (similar to rights of musataha and usufruct, which are in rem rights). Therefore, in addition to being subject to the foreign ownership restrictions mentioned above, long-term lease contracts require registration with the Dubai Land Department.

At present, the registration fee for registering a long-term lease contract is 4% of the contract value. This amount will be the aggregate of the rental value charged to the tenant for the term of the lease. Not registering a long-term lease contract makes it invalid.

(ii) Short-term lease

Leases with a term of less than 10 years, known as short-term lease contracts, do not require registration with the Dubai Land Department. However, short-term lease contracts must be registered with RERA. To facilitate this, RERA has an online registration portal, Ejari. The cost to register a short-term lease contract on the Ejari system is approximately AED 200.

Unlike leasehold interests, rights of usufruct and musataha are required to be registered, regardless of the length of the term. This means that there is no “exemption” from registration at the Dubai Land Department if a short-term right of usufruct or musataha is granted.

Abu Dhabi

(a) Termination

In Abu Dhabi, leasing is regulated by the Abu Dhabi Leasing Law No. 20 of 2006, as amended. This law applies to properties being leased for residential, commercial or industrial purposes or for freelance business, but not agricultural or undeveloped land.

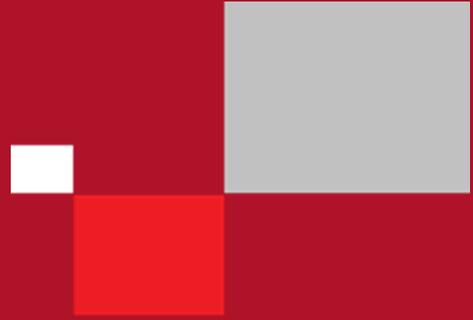
(b) Registration

(i) Long-term lease

Non-UAE or GCC nationals can be granted leases for a term of over 25 years in Investment Areas only. Any lease with a term of over four years must be registered. In the case of non-registration, the long-term lease is still binding between the parties, but not vis-à-vis third parties.

(ii) Short-term lease

A short-term lease of less than four years can be registered on the Tawtheeq system. The present requirements are that the lease needs to (i) be on the standard Abu Dhabi Municipality form, (ii) be in Arabic (or dual language), and (iii) have the key information in respect of the lease (eg, property details, parties, term and rent).



Employment

Employment relationships in the UAE private sector are governed primarily by the Federal Labour Law No. 8 of 1980, as amended (Labor Law). Some of the economic free zones have their own employment regulations in place, which must also be taken into account.

The Labor Law does not apply in the DIFC or the ADGM. The DIFC and ADGM have autonomy with regard to civil and commercial legislation, including labor laws. The employment laws of the DIFC and ADGM are beyond the scope of this publication.

The competent UAE courts are the only dispute forums empowered to look into any employment disputes (excluding DIFC and ADGM-based employers, as the DIFC and ADGM have their own court systems in place).

Below are some of the key features of the Labor Law (please note that the below does not cover any specific free zone regulations).

1. Emiratisation

In keeping with the UAE's Emiratisation initiative, various ministerial decrees have been published setting out requirements for private companies in respect of the recruitment, employment and termination of UAE nationals. The drive to increase the number of UAE nationals working in the private sector is high on the government's agenda. Key Emiratisation resolutions include:

- (i) 2% of the workforce to be made up of Emiratis (for certain commercial entities) if the total workforce exceeds 50 employees
- (ii) 4% of the workforce of banks to comprise Emiratis
- (iii) 5% of the workforce of insurance companies to comprise Emiratis, if the total workforce exceeds 50 employees
- (iv) recruitment of one UAE national to fulfil the role of public relation officer if the total workforce exceeds 100 employees
- (v) Establishments operating in the construction and industrial sector with 500 employees or more are required to appoint an Emirati Health and Safety officer.
- (vi) Establishments employing 1,000 employees or more are required to register with the online system of the UAE Ministry of Human Resources & Emiratisation (MHRE) in order to obtain work permits for employees. This online system is only accessible by UAE national employees. Pursuant to the resolution, the employer must designate at least two Emirati employees in these data entry positions.

There are also specific resolutions governing the recruitment and termination of UAE national employees.

2. Pre-Hire Background/Reference Checks Permitted or Required

In order for a non-UAE national to legally work for a particular entity and reside in the UAE, they must obtain a work permit and residence visa. These permissions are obtained through the employer, which must have an entity established in the UAE. It is recommended that offers of employment are conditional upon the individual obtaining the residence visa and work permit.

No specific pre-hire background or reference checks are required under the Labor Law. However, only individuals who hold certain levels of education can be appointed to hold certain job classifications. All relevant education certificates (which must be attested to the UAE Ministry of Foreign Affairs) have to be provided to the MHRE or to the relevant free zone authority as part of the process to obtain the requisite work permit on behalf of the employee.

Further, a pre-hire medical check is a government prerequisite for residency in the UAE and all expatriates must undergo a medical test, which typically includes a blood test and an X-ray.

Residency visas and work permits must be periodically renewed, with the standard term being 2 years (3 years in the free zones).

3. Employment Contract

For those companies governed by the MHRE, the hiring of any new employee, whether from within the UAE or abroad, requires executing a standard form offer letter and submitting it to the authorities in order to obtain the necessary governmental approvals. The terms of the offer letter must reflect the terms of the final employment contract that will be executed at a later stage.

As part of the process of obtaining the work permit, a template employment contract issued by the MHRE (or relevant free zone authority if the employer is established in a free zone¹²) must be signed by the parties and submitted to the MHRE (or free zone authority). The template employment contract includes basic employment terms and is drafted in English and Arabic.

Due to the basic nature of the MHRE (or free zone authority) template employment contract, it is common practice to execute a supplementary employment contract which includes additional terms that are not reflected in the basic MHRE or free zone employment contract template. Accordingly, it is common for employees in the UAE to hold two employment contracts: (a) a MHRE (or free zone) employment contract; and (b) a private employment contract which describes the employment relationship in more detail.

4. Term and Termination/Gratuity

(a) Probationary Period

Probationary periods are common in the UAE. The maximum period of probation is six months. During or at the end of the probationary period, the employer may terminate the employee's employment, without notice, or end of service gratuity pay. The probationary period is included in the calculation of the employee's total period of service.

(b) Term

Employment contracts may be either for a fixed (limited) time or for an unlimited period of time.

- (i) Fixed-term contracts – Where a company is located onshore, fixed-term contracts cannot exceed a two-year term. In the free zones, terms of three years are permitted. The contract can be renewed by mutual agreement at the end of the fixed term for equal or shorter periods. Any extensions will be considered part of the original term and, therefore, should be included in calculating the employee's total period of service.

If either party wishes to terminate a fixed term contract before the expiry date, compensation must be paid to the non-terminating party. In this regard the employer is obliged to pay the employee compensation of three months' salary (or the salary due for the remainder of the contract if less). The employee is obliged to pay the company compensation of 1.5 month's salary (or the salary due for the remainder of the contract if less).

After renewal of the fixed-term contract, either party may terminate the employment on notice. The notice clause can be for a minimum of one month and a maximum of three months. If the

¹² Some free zones permit the employer to submit its own form of employment contract.

contract does not contain a notice provision, three months will be automatically applied. The terminating party must also compensate the other party to the agreement. Compensation can be for a minimum of one month and a maximum of three months. If the contract does not contain a compensation provision, three months will be automatically applied.

- (ii) Unlimited term contract – An unlimited term contract is for an indefinite period and is effective from the date of commencing employment. It can be terminated by either party for a “valid reason” (generally interpreted to mean any reason attributable to an employee’s performance or conduct, and subject to the disciplinary procedure set out in the Labor Law being followed) at any time by giving the other party a notice in writing, subject to the provisions of the Labor Law.

(c) Legitimate Causes for Dismissal by the Employer under Article 120

Subject to complying with the process stipulated under Section 4.5, an employer is permitted to legitimately terminate the employment contract of an employee without notice and without any end-of-service gratuity for the reasons stipulated under Article 120 of the Labor Law as follows:

- (i) Adopting a false identity or nationality or submission of forged documents or certificates
- (ii) Dismissal occurring during, or at the end of, the probation period
- (iii) Committing a fault that causes substantial material loss to the employer, as long as the employer notifies the labor department of the incident within 48 hours of learning of such fault
- (iv) Breach of the workplace safety instructions, as long as the instructions are clearly displayed in writing in the workplace or are verbally communicated to illiterate employees
- (v) Non-performance of material duties stipulated in the employment contract, and the continuance of this failure despite formal investigation and the issuance of a dismissal warning if the non-performance subsists
- (vi) Divulging secrets of the workplace
- (vii) Conviction of the employee because of a final judgment for an offense involving honor, honesty or public morals
- (viii) Drunkenness or operating under the influence of drugs during the employee’s working hours
- (ix) Assaulting the employer, the manager of the employer or any of the employee’s colleagues
- (x) Unjustified absence for more than 20 intermittent days or for more than seven successive days in one year

(d) Legitimate Causes for Termination by Employee under Article 121

An employee is also entitled to terminate the employment contract without notice if any of the grounds related to the employer’s conduct stipulated in Article 121 of the Labor Law are present. These grounds are as follows:

- (i) The employer breaches its obligations prescribed in the employment contract or under the applicable laws
- (ii) The employer or the employer’s representative assaults the employee

(e) Process for Dismissal/Termination/Disciplinary Measures

Disciplinary penalties expressly permitted by the Labor Law include a warning, suspension, fine, forfeiture of promotion, termination with notice and termination without notice.

The following procedure must be conducted before imposing any disciplinary sanction, including dismissal, upon an employee:

- (i) The employee must be notified in writing of the charge or allegation.
- (ii) The employee must be given an opportunity to defend himself/herself against the allegations. In practice, employees will attend a meeting in this regard.
- (iii) The matter must be adequately investigated and the employee must be provided with written reasons for any penalty being imposed, which should also be recorded in the employee's personnel file.

An allegation cannot be raised after the lapse of 30 days from the date of discovery of the violation and a penalty cannot be imposed after the lapse of 60 days from the date on which the disciplinary investigation ended.

(f) Redundancies

Redundancies are not recognized under the Labor Law. As such, there are no specific economic reasons that would justify a termination. Instead, a redundancy process must fall within the existing termination provisions of the Labor Law.

(g) Notice/Payment in Lieu of Notice

In accordance with the Labor Law, the minimum notice period for an unlimited contract is 30 days, with a maximum of three months. In a recent amendment to the labor regulations, limited contracts which have been renewed are now subject to an identical notice period requirement. The contract can also be terminated by the employer without notice if the employee is terminated for cause on the grounds outlined under Article 120, as stated in Section 4.3.

Notice cannot be waived or reduced. This means that an employer should pay in lieu of notice if it does not require employees to work their notice period.

(h) End-of-Service Gratuity

An employee whose contract is terminated or expires and who has completed at least one year of service is generally entitled to an end-of-service gratuity. In the absence of any higher rate agreed by the parties, the end-of-service gratuity is equivalent to 21 days wage¹³ for each of the employee's first five years of service and 30 days' wage for each year thereafter.

If the employee resigns and the employment contract is for an indefinite period,¹⁴ the gratuity entitlement is reduced in the following manner:

- (i) If the employee has more than one year but less than three years of service, the employee will be entitled to one-third of the gratuity.
- (ii) If the employee has more than three years but less than five years of service, the employee will be entitled to two-thirds of the gratuity.
- (iii) If the employee has more than five years of service, the employee will be entitled to the full gratuity payment.

If the employee resigned from an employment contract for a fixed period and has less than five years of service, they will not be entitled to any gratuity.

¹³ Wage for end-of-service gratuity purposes is exclusive of allowances and overtime increments. However, in some cases it will be necessary to take variable pay into account.

¹⁴ Please note that the reduction does not apply in some of the free zones.

End-of-service gratuities are capped at an amount equivalent to two years wages and are proportionately calculated for any partial year worked. An employee is not entitled to an end-of-service gratuity if s/he is dismissed for a reason falling within Article 120 of the Labor Law. Employees employed on fixed-term contracts will also forfeit their end-of-service gratuity if they resign before the expiry of the term and have less than five years of service.

5. Working Days/Working Hours

(a) Overtime

The maximum working hours per day are set at eight hours per day, 48 hours per week. Working hours may differ, depending on the relevant industry, by a special ministerial decree. No worker may work for more than five hours without a break for work, rest and prayer. Working hours are reduced by two hours per day during the holy month of Ramadan.

If the employer requires employees to work overtime during the working week, such employees are entitled to be paid 125% of their salary for the overtime worked. If, however, the employee's overtime falls between 9:00 pm and 4:00 am, they are entitled to a higher rate of 150% of their salary.

The maximum amount of overtime allowed per day is two hours, unless the work is necessary to "prevent substantial loss or serious accident" or to eliminate or alleviate its effects. Overtime wages should not be included in employees' regular compensation, which means that any overtime must be compensated separately.

The working time provisions do not apply to employees holding senior and/or managerial roles. More specifically, this includes the Chairman of the Board of Directors, the Managing Director, Departmental Heads and Supervisory staff, provided that such individuals have authority to act on behalf of the company.

(b) Weekend

Friday is a specified rest day under the Labor Law. An employee cannot be required to work more than two consecutive Fridays. Moreover, in the event that an employee is required to work on a Friday, that employee is entitled to receive either time off in lieu or basic salary for the hours worked plus a supplement equal to 50% of the employee's full salary.

6. Compensation/Benefits

(a) Minimum Wages, Mandatory Increases

There is generally no statutory or minimum wage requirement or mandatory annual salary increase required in the UAE pursuant to the Labor Law.

(b) Bonuses, Benefits in Kind

Employers located onshore are subject to the Wage Protection Scheme, which aims to protect employees via an electronic salary transfer scheme that ensures timely payment of the agreed wage amount to the employee. According to the WPS guidelines, payments of employee remuneration must be made via banks, exchange offices and financial institutions which have been approved and authorized to provide the service.

There are no mandatory legal requirements for bonus payments in the UAE.

(c) Taxes, Social Security, Medical Insurance

There are no tax or social security payments for private sector employees. Most of the employees in the UAE are expatriates, who are not entitled to any state pension. However, UAE nationals who have a “family book,” as well as nationals of GCC countries, are entitled to a pension. Employers must therefore register their UAE and GCC national employees with the General Pension and Social Security Authority. Failure to do so will give rise to fines.

Both Abu Dhabi and Dubai have a compulsory health insurance scheme, which obliges employers to provide private health insurance to their employees through approved health insurance companies. The Abu Dhabi Health Insurance Law further obligates an employer to provide health insurance to the employee’s spouse and up to three dependent children.

7. Leave

(a) Sick Leave

Employees are entitled to a maximum of 90 calendar days of sick leave. The first 15 days are fully paid while the next 30 days are subject to half pay. The remaining 45 days are unpaid. An employee on probation (and for three months thereafter) is not entitled to paid sick leave. Sick leave may not be rolled over to the following year.

(b) Maternity Leave

A female employee is entitled to 45 calendar days of fully paid maternity leave. However, she must have rendered at least one year’s service. If she has not rendered at least one year of service, she will be entitled only to half pay during her 45 days of maternity leave. In the event that a female employee suffers from a medical condition as a result of birth or pregnancy, she may take an additional 100 days of unpaid “maternity sick” leave, as long as the condition is supported by a physician’s note.

Upon resuming work, a female may take two additional 30 minute breaks per day for the purpose of nursing the child, up until the child is 18 months old.

There is no paternity or parental leave provided for under the Labor Law.

(c) Special Leave

An employee is entitled to a special period of leave not exceeding 30 days in order to perform the Hajj. However, this special leave is without pay and may only be used on one occasion throughout the employee’s employment.

(d) Annual Leave

Excluding the first year of employment, an employee is entitled to 30 calendar days of paid vacation per year, which is equivalent to approximately 22 working days (based on a five-day working week). In the first year of employment, an employee accrues two paid days of leave per month, but only after the first six months of employment. However, in practice many employers do not put a different system in place for new recruits and provide all employees with the same holiday entitlement.

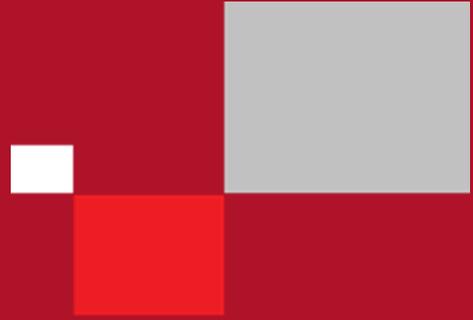
The employer is entitled to determine the dates of its employees’ annual leave provided that the days are not divided into more than two periods.

(e) Official Holidays

Employees are entitled to holidays for the private sector as are officially announced by the UAE Government. Generally speaking, these will include:

- Islamic New Year
- Gregorian New Year's Day
- Eid al-Fitr
- Eid al-Adha
- Martyrs' Day
- National Day

Except for the Gregorian New Year's Day on 1 January, Martyrs' Day on 30 November and National Day on 2 December, all other holidays are Islamic holidays and vary depending on the lunar calendar. The actual dates are declared each year and holidays are declared separately for the public and private sectors.



Key Contacts

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To speak to us in relation to any of the topics or areas of law covered by the guide or how we can support you in the region more generally, please feel free to contact one of the lawyers below.



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Annex (1) – Common Onshore Legal Vehicles

	Limited Liability Company (LLC)	Private Stock Company (Private Company)	Public Joint Stock Company (PJSC)	Branch/Representative Office
Number of shareholders, nationality and liability	<p>It is a separate legal entity from its partners.</p> <p>The liability of its shareholders is limited to their capital contributions.</p> <p>A UAE national, or a company wholly owned by UAE nationals, must hold at least 51% of the shares (this shareholding may change for certain businesses according to the FDI Law). Alternatively, it can be 100% owned by GCC nationals (except for certain activities).</p> <p>Currently, based on the Companies Law, it must have at least two partners and a maximum of 50 partners. However, a single partner LLC may be formed for UAE or GCC nationals, knowing that this may change with the introduction of the FDI Law and may allow a foreign investor to</p>	<p>It is a separate legal entity from its shareholders.</p> <p>The liability of its shareholders is limited to their capital contributions.</p> <p>It can be converted into a PJSC.</p> <p>A UAE national, or a company wholly owned by UAE nationals, must hold at least 51% of the shares (it is not clear if this shareholding will change for such legal form of companies, according to the FDI Law). Alternatively, it can be 100% owned by GCC nationals (except for certain activities).</p> <p>It must have at least two shareholders and a maximum of 200 shareholders. However, a single shareholder Private Company may be formed by UAE or GCC nationals.</p>	<p>It is a separate legal entity from its shareholders.</p> <p>The liability of its shareholders is limited to their capital contributions.</p> <p>It can offer shares to the public.</p> <p>A UAE national, or a company wholly owned by UAE nationals, must hold at least 51% of the shares (it is not clear if this shareholding will change for such legal form of companies, according to the FDI Law). Alternatively, it can be 100% owned by GCC nationals (except for certain activities).</p> <p>It must have at least five shareholders.</p>	<p>It is not a separate legal entity from the parent company and the parent company will be liable for the activities of the branch or representative office.</p> <p>It is wholly owned by its parent company.</p>

	Limited Liability Company (LLC)	Private Stock Company (Private Company)	Public Joint Stock Company (PJSC)	Branch/Representative Office
	become a single shareholder in LLC, but in certain activities			
Minimum capital	<p>Currently, there is no minimum share capital required for an LLC. An LLC must have share capital sufficient for the realization of the objectives of the company. The relevant authorities may, in certain instances, require a minimum capital depending on the contemplated activity. The capital shall be composed of equal shares. The capital is required to be paid in full at the time of incorporation and deposited in a bank in the UAE. An LLC does not issue share certificates, but may be converted into a joint stock company subject to fulfilling a number of conditions.</p> <p>It cannot offer shares to the public.</p>	<p>It must have a minimum share capital of AED 5 million.</p> <p>It cannot offer shares to the public. Its shares must be of equal value (ie, no less than AED 1 and no more than AED 100).</p>	<p>It must have a minimum issued share capital of AED 30 million. The articles of association of the PJSC may determine as authorized capital an amount not in excess of two times the issued share capital. Its negotiable shares must be of equal value (ie, no less than AED 1 and no more than AED 100).</p>	<p>There is no capital required for setting up a branch or a representative office. A bank guarantee of AED 50,000 must be issued by a UAE licensed bank and submitted to the MOE.</p>
Permitted activities	It is permitted to undertake a broad range of commercial activities (subject to any	It is permitted to undertake a broad range of commercial activities (subject to any	It is permitted to undertake a broad range of commercial activities (subject to any	Branch offices operating onshore are licensed to conduct activities that are

	Limited Liability Company (LLC)	Private Stock Company (Private Company)	Public Joint Stock Company (PJSC)	Branch/Representative Office
	<p>licensing restrictions) except for insurance, banking activities or investing funds on the account of third parties.</p> <p>An LLC with GCC shareholding cannot carry out the activities set out in a negative list.</p>	<p>licensing restrictions). If commercial activities, such as insurance, banking activities or investing funds on the account of third parties, are to be performed, special authorizations must be obtained from the relevant federal and local authorities.</p> <p>A Private Company with GCC shareholding cannot carry out the activities set out in a negative list.</p>	<p>licensing restrictions). If commercial activities, such as insurance, banking activities or investing funds on the account of third parties, are to be performed, special authorizations must be obtained from the relevant federal and local authorities.</p> <p>A PJSC with GCC shareholding cannot carry out the activities set out in a negative list.</p>	<p>conducted by the parent or controlling company in its jurisdiction of incorporation, except for a limited number of activities such as trading (which may be allowed for certain businesses and activities after the implementation of the FDI Law) and any ancillary activities representing, in general, the sale and purchase of products or commodities, restaurants, coffee shops and food catering services, and the establishment of print and publishing houses, newspapers and magazines.</p> <p>Representative offices are limited to marketing, promotion and liaison activities only.</p>
Physical offices	While taking into account the dual licensing concept mentioned above for companies in the same group that also have presence in a free zone in the UAE, physical office	Physical office space is required and must be suitable to host the employees of the Private Company. The annual rent of an office depends on the size and location of the office in	Physical office space is required and must be suitable to host all the employees of the PJSC. The annual rent of an office depends on the size and location of the office in	While taking into account the dual licensing concept mentioned above for companies in the same group that also have presence in a free zone in the UAE, physical office space is required and

	Limited Liability Company (LLC)	Private Stock Company (Private Company)	Public Joint Stock Company (PJSC)	Branch/Representative Office
	space is required and must be suitable to host all the employees of the LLC. The annual rent of an office depends on the size and location of the office in Dubai.	Dubai.	Dubai.	must be suitable to host all the employees of the branch/representative office. The annual rent of an office depends on the size and location of the office in Dubai.
Management	<p>Day-to-day management may be vested in one or more managers (ie, directors) as determined by the partners, who are not required to be UAE nationals.</p> <p>It must have a general manager who is resident in the UAE.</p> <p>If it has seven or more partners, it must appoint a Control Council comprising at least three partners.</p> <p>Management and control are subject to mandatory requirements of the Companies Law, under which certain matters are reserved to the general assembly (ie, a meeting of the partners) and some</p>	<p>It is managed by a board of directors elected by the general assembly (ie, shareholders). The majority of the board of directors must be UAE nationals. The number of the directors shall not be less than three and shall not exceed 11.</p> <p>It must have a chairman and a vice-chairman, who are elected through secret ballots and who must be UAE nationals. Two-thirds of the board members must own shares in the Private Company.</p> <p>A Private Company must have a managing director, who is not an executive officer or a general manager</p>	<p>It is managed by a board of directors elected by the general assembly (ie, a meeting of shareholders). The majority of the board of directors must be UAE nationals. The number of the directors shall not be less than three and shall not exceed 11.</p> <p>It must have a chairman and a vice-chairman who are elected through secret ballots and who must be UAE nationals. Two-thirds of the board members must own shares in the PJSC.</p> <p>A PJSC must have a managing director who is not an executive officer or a general manager of another</p>	<p>It must have a general manager who is resident in the UAE. The general manager does not need to be a UAE national.</p>

	Limited Liability Company (LLC)	Private Stock Company (Private Company)	Public Joint Stock Company (PJSC)	Branch/Representative Office
	matters require a special resolution.	of another company. Management and control are subject to mandatory requirements of the Companies Law, under which certain matters are reserved to the general assembly (ie, a meeting of the shareholders).	company. Management and control are subject to mandatory requirements of the Companies Law, under which certain matters are reserved to the general assembly (ie, a meeting of the shareholders).	
Transfer of shares	It has a statutory right of first refusal.	It has no statutory right of first refusal. Restrictions apply on carrying out any transfers to third parties until the company publishes the financial statements of one financial year from the date of registration at the Commercial Register. This restriction also applies for each capital increase. Transfers are permissible among other founding shareholders or legal heirs.	It has no statutory right of first refusal. Restrictions apply on carrying out any transfers to third parties until the company publishes the financial statements of two financial years from the date of the listing or from the date of registration at the Commercial Register (if it is exempted from the listing requirement). Transfers are permissible among other founding shareholders or legal heirs.	Not applicable.

Annex (2) – Types of Legal Vehicles in the JAFZA

	JAFZA Branch	Free Zone Company (FZCO) and Free Zone Establishment (FZE)	JAFZA offshore company	JAFZA Public Listed Company (PLC)
Number of shareholders and liability	It does not have a separate legal personality and is deemed an extension of the controlling or parent company. Hence, the controlling or parent company will be liable for the acts and liabilities of a free zone branch.	It is an independent legal entity with limited liability. The liability of the shareholders is limited to their capital contribution. An FZCO must have at least two shareholders and a maximum of 50 shareholders or partners, while an FZE is incorporated by a single shareholder, who can be either an individual or a corporate entity.	It is an independent legal entity with limited liability. The liability of the shareholders is limited to their capital contribution and there must be at least one shareholder.	It is an independent legal entity with limited liability. The liability of the shareholders is limited to their capital contribution and there must be at least two shareholders.
Minimum capital	There is no specified minimum share capital requirement since a JAFZA branch is an extension of the controlling or parent company.	An FZE and FZCO must have share capital sufficient for the realization of the objectives of the entity.	There is no specified minimum share capital requirement. However, in practice the JAFZA requires offshore companies to have a minimum share capital of AED 10,000.	There is no specified minimum share capital requirement. However, it must be higher than the amount sufficient for the activities permitted under its license or higher than the amount of capital required under the laws of the jurisdiction of the relevant stock market where the PLC's shares are listed.

	JAFZA Branch	Free Zone Company (FZCO) and Free Zone Establishment (FZE)	JAFZA offshore company	JAFZA Public Listed Company (PLC)
Permitted activities	The activities of a JAFZA branch must be the same as the activities of the controlling or parent company. It will only be permitted to conduct certain types of business activities within the confines of the free zone that are reflected on its license.	It can carry out any of the permitted activities within the confines of the JAFZA without restrictions that are reflected on its license.	Typically used as an investment vehicle or holding company. It is not permitted to conduct business operations onshore in the UAE or within the relevant free zone and cannot obtain employee or other types of visas. However, it can conduct business outside the UAE subject to the approval and licensing requirements of the relevant jurisdiction. It can freely enter into contracts with legal consultants, lawyers, accountants and auditors. It is permitted to lease property and use it as its registered office. It can own real property in certain limited areas (such as the Palm Islands or Jumeirah Islands), any property owned by Nakheel Company LLC or any other real property approved by the relevant authority.	It can carry out any of the permitted activities reflected on its license within the confines of the JAFZA. It may also conduct business outside the UAE subject to the approval and licensing requirements of the relevant jurisdiction.
Physical offices	Must maintain a physical	Must maintain a physical	Not required to maintain a	Must maintain a physical

	JAFZA Branch	Free Zone Company (FZCO) and Free Zone Establishment (FZE)	JAFZA offshore company	JAFZA Public Listed Company (PLC)
	office in the free zone. The availability of space must be verified with the JAFZA.	office in the free zone. The availability of space must be verified with the JAFZA.	physical presence in the free zone but required to have a registered agent, whose address must be listed as the registered address for the offshore company in the place of its incorporation.	office in the free zone. The availability of space must be verified with the JAFZA.
Management	A JAFZA branch must have a general manager. The board of directors or shareholders of the controlling or parent entity may freely determine the powers delegated to the general manager of the branch. However, from a practical perspective, the general manager should have sufficient powers in order to handle day-to-day operations, such as bank account transactions, entering into agreements, signing documents before the authorities and employment of staff, among others. The general manager must hold a valid UAE residency and work visa under the sponsorship of	An FZCO and an FZE must have a manager, a director and a company secretary. The offices of the director, the manager and company secretary may be held by a single person. The constitutional documents must determine the voting mechanics and duties of the director(s). The manager must hold a valid UAE residency and work visa under the sponsorship of the FZCO/FZE. If an FZCO/FZE has both a board of directors and a general manager, the board would typically delegate the day-to-day powers to the general manager, who may	General managers are not typically appointed. Therefore, all powers of the management rest with the board of directors. A JAFZA offshore company must have at least two directors and one secretary (who may be one of the directors). The board may delegate certain powers as it sees fit under a power of attorney.	A PLC must have a minimum of two directors, a manager and a company secretary. The office of manager may be held by a director or the company secretary. The office of director cannot be held by a secretary.

	JAFZA Branch	Free Zone Company (FZCO) and Free Zone Establishment (FZE)	JAFZA offshore company	JAFZA Public Listed Company (PLC)
	the branch.	also further delegate powers to other employees and representatives of the FZCO/FZE by a power of attorney.		
Transfer of shares	Not applicable to the JAFZA branch.	All shareholders of the FZCO or FZE must consent to the share transfer for it to be effective. Certain formalities with the JAFZA are carried out to give effect to any share transfer. Share certificates must be issued to each shareholder in an FZE or FZCO.	All shareholders of the offshore company must consent to the share transfer for it to be effective. Certain formalities with the JAFZA are carried out to give effect to any share transfer.	Transfer of shares must be carried out in accordance with the laws of the jurisdiction of the relevant stock market where the PLC's shares are listed.

Annex (3) – Common Legal Vehicles in the DIFC

	Company Limited by Shares (CLS)	Recognized Company (branch of a company)	Special Purpose Company (SPC)	Limited Liability Partnership (LLP)
Permitted activities	A CLS is the most common entity used for carrying out retail commercial businesses such as restaurants, stationery shops, cafes and grocery stores, regulated financial services, consultancy services and investment holding. It can be a private or a public company. The name of a private company should be followed by “Limited” or “Ltd” and for public companies, the name must be followed with “Public Limited Company” or “PLC”.	A Recognized Company is usually established to carry out retail commercial businesses such as restaurants, stationery shops, cafes and grocery stores and it can engage regulated financial services, consultancy services.	It is a specific purpose corporate vehicle used for financing or investment structures. An SPC is limited in the activities it may carry out, which are referred to as “Exempt Activities” in the SPC regulations. An SPC may perform financial services if licensed by the DFSA. However, it cannot carry out trading business or act as a general holding company.	An LLP is a partnership entity typically used by lawyers, auditors, accountants, architects and consultants in the DIFC. To carry out financial services under an LLP, an application for a license must be submitted to the DFSA
Number of shareholders and liability	For CLS that is a private company, there must be at least one shareholder and a maximum of 50 shareholders. A CLS that is a public company may have an unlimited number of shareholders. The liability of the shareholder(s) of a CLS (whether private or public) is limited to its/their capital contribution. There are no	Not applicable. The parent company is the owner of the Recognized Company.	An SPC cannot have more than three shareholders and it is a limited liability company.	The liability of partners or members in an LLP is limited by their capital contribution and the rights and duties of the partners are governed by the limited liability partnership agreement, a copy of which must be submitted to the DIFC Authority (which is separate from the DFSA).

	Company Limited by Shares (CLS)	Recognized Company (branch of a company)	Special Purpose Company (SPC)	Limited Liability Partnership (LLP)
	restrictions on the nationality of the shareholders.			
Minimum capital	A CLS (private company) has no minimum capital requirement and shares do not need to be fully paid up, unless it becomes a regulated entity whereby its minimum capital requirement would depend on its prudential category as licensed by the DFSA. In addition, it cannot offer shares to the public and issue securities (however private placements are acceptable). A CLS (public company) should hold a minimum share capital of USD 100,000. The shares must be paid up 1/4 in value. A CLS (public company) can also offer its shares to the public.	Not applicable.	A minimum capital of USD 100 is required.	There is no minimum capital requirement, unless it becomes a regulated entity whereby its minimum capital required would depend on its prudential category as licensed by the DFSA.
Physical offices	There is a requirement to lease office space in the DIFC.		There is no requirement to lease office space in the DIFC, but there is a requirement to have a registered address for delivery of communication.	There is a requirement to lease office space in the DIFC.
Management	A CLS (private company) is managed by at least one director of any nationality	The Recognized Company must have at least one manager/ director of any	It is not required to hold annual general meetings of its shareholders. It is also	Every member may take part in the management of the LLP.

	Company Limited by Shares (CLS)	Recognized Company (branch of a company)	Special Purpose Company (SPC)	Limited Liability Partnership (LLP)
	and may or may not have a secretary. A CLS (public company) must have at least two directors, who do not have to be UAE residents, and a company secretary must be appointed.	nationality and does not require a company secretary.	not required to maintain, file or audit its accounts. However, it is mandatory for an SPC to hire a corporate service provider in the DIFC whose role would be similar to a company secretary.	
Transfer of shares	There are no restrictions on the transfer of shares for a CLS (both private and public companies). Shares are transferred through the execution of the proper transfer instruments. After the introduction of the DIFC Companies Law 2018, shareholders of private companies benefit from pre-emption rights on the allotment of new shares. That is a new statutory right which is not provided in the old regime. Private companies can waive or vary preemption rights in their articles of association.	Not applicable.	Transfers must be made to the same category of shareholders listed in the SPC regulations.	No person may be introduced as a member nor may voluntarily assign an interest in an LLP without the consent of all existing members. The LLP shall file a notice of change of member with the DIFC Companies Registrar within 14 days.

Annex (4) – Positive list table of 122 activities

Agricultural activities

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
1	01111	Grains farming (wheat, corn, barley etc)	7,5	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation	<ul style="list-style-type: none"> ✓ Using modern technology in production ✓ Achieving a high added value ✓ Contributing to research and development ✓ Fulfilling the requirements of the relevant licensing authorities in the State
2	01112	Legumes Farming	7,5		
3	0113	Vegetables, watermelons, roots and tubers.	7,5		
4	0114	Sugarcane farming	7,5		
5	0116	Fibre crops farming	7,5		
6	0119001	Flowers and buds	7,5		
7	0121	Grapes farming	7,5		
8	0123001	Fruits and citrus	7,5		
9	0124	Pomme Fruits and drupes (stone fruits) farming	7,5		
10	0125	Other fruit trees, shrubs and juglandines	7,5		
11	0126	Oily fruits farming	7,5		
12	0127	Beverage crops farming	7,5		
13	01289	Aromatic and medicinal plants farming	7,5		
14	0161	Support activities for crops production	10		
15	0162	Support activities for animal production	7,5		
16	0163	Post-harvest activities	7,5		

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
17	0164	Seeds processing for reproduction	7,5		
18	0210	Agroforestry planting and forests-related activities	7,5		
19	0240	Support activities for forests	7,5		

Manufacturing activities

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
20	10	Manufacturing of food products (with the exception of): 1071 Bakery production 105 Dairy production 108 Prepared animal feed	15	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation	<ul style="list-style-type: none"> ✓ Using modern technology in production ✓ Achieving a high added value ✓ Contributing to research and development ✓ Fulfilling the requirements of the relevant licensing authorities in the State
21	11	Manufacturing of beverages (with the exception of): 1101 distillation, refinement and mixing spirit drinks 1102 Wine manufacturing, 1103 Alcoholic beverages manufactured from barley	15		

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
22	14	Manufacturing of clothes (with the exception of): 14109 tailoring and sewing of ready-made clothes 1410122 manufacturing of military clothes	15	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation	<ul style="list-style-type: none"> ✓ Using modern technology in production ✓ Achieving a high added value ✓ Contributing to research and development ✓ Fulfilling the requirements of the relevant licensing authorities in the State
23	15	Leather products and leather-related products manufacturing	15		
24	16	Manufacturing of timber, timber and cork products, with the exception of manufacturing of furniture and sorts of straw and materials of intertwining	15		
25	2012002	Manufacturing of pure or compound fertilizers	15		
26	2013	Manufacturing of plastics and synthetic rubber in its raw forms	15		
27	2021	Manufacturing of pesticides and other agricultural chemical products	15		
28	2022	Manufacturing of paints, varnishes and similar paints, in addition to printing inks and mastic putties	15		
29	2023	Manufacturing of soaps, detergents, cleaning products, polishers, perfumes and cosmetics manufacturing	15		
30	2029006	Manufacturing of glues and prepared adhesive materials	15		
31	2029008	Manufacturing of inks for writing	15		

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
32	2029009	and drawing Manufacturing of chemicals that are used in preparation of textiles and leathers	15	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation	<ul style="list-style-type: none"> ✓ Using modern technology in production ✓ Achieving a high added value ✓ Contributing to research and development ✓ Fulfilling the requirements of the relevant licensing authorities in the State
33	2029013	Manufacturing of photographic slides and films	15		
34	2029019	Manufacturing of gelatin and its derivatives	15		
35	2029021	Manufacturing of basic oils (concentrated perfumes)	15		
36	2029022	Manufacturing of natural aromatic products essences	15		
37	2029023	Manufacturing of distilled aromatic waters	15		
38	2029024	Manufacturing matches	15		
39	2029025	Manufacturing of powders and putties for welding	15		
40	2030	Manufacturing of artificial fibres	15		
41	2100	Manufacturing of pharmaceutical, medical and chemical materials, in addition to plant materials	15		
42	22	Manufacturing of rubber and plastics products	15		
43	23	Manufacturing of other nonmetallic metals	15		
44	24	Manufacturing of base metallic products (with the exception of): 242 Manufacturing of precious nonferrous metals. 2432 casting nonferrous metals	20		

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
45	25	Manufacturing of molded metals, with the exception of machineries and equipment <i>(With the exception of) 252 Manufacturing of weapons and ammunitions</i>	15	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation	<ul style="list-style-type: none"> ✓ Using modern technology in production ✓ Achieving a high added value ✓ Contributing to research and development ✓ Fulfilling the requirements of the relevant licensing authorities in the State
46	26	Manufacturing of computers, electronic and optical products	15		
47	27	Manufacturing of electrical devices.	20		
48	28	Manufacturing of machinery and equipment uncatagorised elsewhere <i>(With the exception of): 28259 Manufacturing tobacco preparation machines</i>	100		
49	29	Manufacturing of motor vehicles, trailers and semi-trailers	100		
50	3011101	Building commercial ships	100		
51	3011103	Manufacturing parts of ships and floating facilities	100		
52	3011905	Installation of floating or sunk drilling platforms	100		
53	3011906	Installation of floating facilities	100		
54	3011907	Construction of hovercrafts	100		
55	3012	Construction of excursion and sport boats	15		
56	3020	Manufacturing of railway locomotives and trolleys.	20		
57	3030	Manufacturing of air, space vehicles and machines connected to such vehicles	100		

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
58	3090	(With the exception of): 3030006 Manufacturing of military guided ballistic Missiles. Manufacturing of transport equipment uncategorised elsewhere	20		
59	31	Manufacturing of furniture	15	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation	<ul style="list-style-type: none"> ✓ Using modern technology in production ✓ Achieving a high added value ✓ Contributing to research and development ✓ Fulfilling the requirements of the relevant licensing authorities in the State
60	3220	Manufacturing of musical instruments	2		
61	3230	Manufacturing of Sports instruments	3		
62	3240	Manufacturing of toys and games	3		
63	3250	Manufacturing of dental medical devices and accessories	20		
64	3290	Manufacturing of other products uncategorised elsewhere	3		
65	3312001	Repair and maintenance of train engines	15		
66	3312002	Repair and maintenance of ship engines	15		
67	3315001	Repair and maintenance of ships	15		
68	3315004	Repair and maintenance of trains and railway equipment	15		
69	3315005	Repair and maintenance of aircraft engines	15		

#	Reference	Sectors and activities	Minimum capital per Million/AED	National cadres and training	Requirements and conditions
70	3315006	Repair and maintenance of aircrafts	15	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation	<ul style="list-style-type: none"> ✓ Using modern technology in production ✓ Achieving a high added value ✓ Contributing to research and development ✓ Fulfilling the requirements of the relevant licensing authorities in the State

Services activities

#	Reference	Sectors and activities	Minimum capital per Million/AED	Requirements and conditions	National cadres and training
71	6910002	Legal consultancy offices	Subject to applicable legislation	Provided that they do not appear before UAE courts, undertake procedures before official authorities or provide notarization services). In addition to obtaining the approval of relevant authorities in the State	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation
72	692	Accounting, book-keeping, auditing and tax consultancy activities	Subject to applicable legislation	Only permitted to carry out tax planning, consultancy, and tax preparation and review for businesses	

#	Reference	Sectors and activities	Minimum capital per Million/AED	Requirements and conditions	National cadres and training
73	711	Architecture and engineering activities, in addition to related technical consultancy	Subject to applicable legislation		Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation
74	862	Medical and dentist clinics activities			
75	75	Veterinary activities			
76	620	Computer programing, consultancy and related activities	Subject to applicable legislation	Provision of a technical team that is not less than 5 specialists in programming by the end of the first year of the company's term	
77	72	Scientific research and development	Subject to applicable legislation		
78	7730-77300	Machinery, other equipment and real items renting (with the exception of automotive-related renting services)			
79	471	Retail trading in unspecialized stores (with the exception of cooperatives 4711001)	100		
80	731	Advertisement	Subject to applicable legislation		
81	732	Market researches and questionnaires			
82	702	Consultancy expertise in the field of management activities			
83	712	Technical tests and analyses			
84	331	Repair of moulded metal products, machineries and equipment (with the exception of ships or aircrafts)			

#	Reference	Sectors and activities	Minimum capital per Million/AED	Requirements and conditions	National cadres and training
85	8121-81210	and other transport equipment) General cleaning of buildings	Subject to applicable legislation		Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation
86	742	Photography activities			
87	8292-82920	Packaging activities			
88	823	Conferences and commercial fairs organization			
89	741	Specialized design activities			
90	7490005	Legal translation services			
91	7490006	Movies and TV programs translation services			
92	7490012	Translation services of publications			
93	8299002	Instant interpretation services		Only infrastructure projects of a wide scale, such as airports, high ways, sports facilities and projects with value exceeding 450 million dirhams	
94	41	Construction of buildings			
95	42	Civil engineering			
96	432	Electricity, plumbing and other construction activities			
97	433	Completion and decoration of buildings			
98	431	Demolition and site preparation work			
99	439	Other specialized construction activities			
100	7730009	Hiring construction, building or demolition machineries and equipment			
101	851	Pre-school and primary education		Public education shall is excluded.	
102	852	Secondary education			

#	Reference	Sectors and activities	Minimum capital per Million/AED	Requirements and conditions	National cadres and training
103	853	Higher education	Subject to applicable legislation	The approval of competent authorities to establish the educational institution shall be obtained. This may be also be subject to the suitability of the educational institution and guaranteeing a high level of education quality	Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation
104	854	Other kinds of education			
105	370	Sewage			
106	382	Wastes treatment and disposal			
107	3900001	Pollution treatment and environment protection services			
108	861	Hospitals activities	100	Subject to the approval of relevant authorities which depend on tests of economic need that takes into consideration the number of hospitals, medical and health centres in a certain area. In Dubai Healthcare City, test of economic need will not be required.	
109	869	Other activities in the field of human health	70		

#	Reference	Sectors and activities	Minimum capital per Million/AED	Requirements and conditions	National cadres and training
110	8211001	Hotels management	Subject to applicable legislation		Joining Tawteen Partners Club at the Ministry of Human Resources and Emiratisation
111	8211004	Restaurants management			
112	90009	Creative activities and drama arts (theatre)		Only theatre activities, live theoretical and circus services are allowed	
113	9000104	Music bands			
114	9000110	Circus			
115	8130002	Gardens and parks decoration services			
116	9103-91030	Gardens, zoos and natural reserves		Only services of public gardens are allowed	
117	5012-50120	Maritime and coastal freight of goods			
118	5022001	Water internal freight of goods			
119	7730016	Chartering commercial ships.			
120	5222002	Pilotage and towing of ships			
121	5222007	Maritime towing for boats, water and sea jet skies			
122	New	Holding companies' activities in intellectual properties.			



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