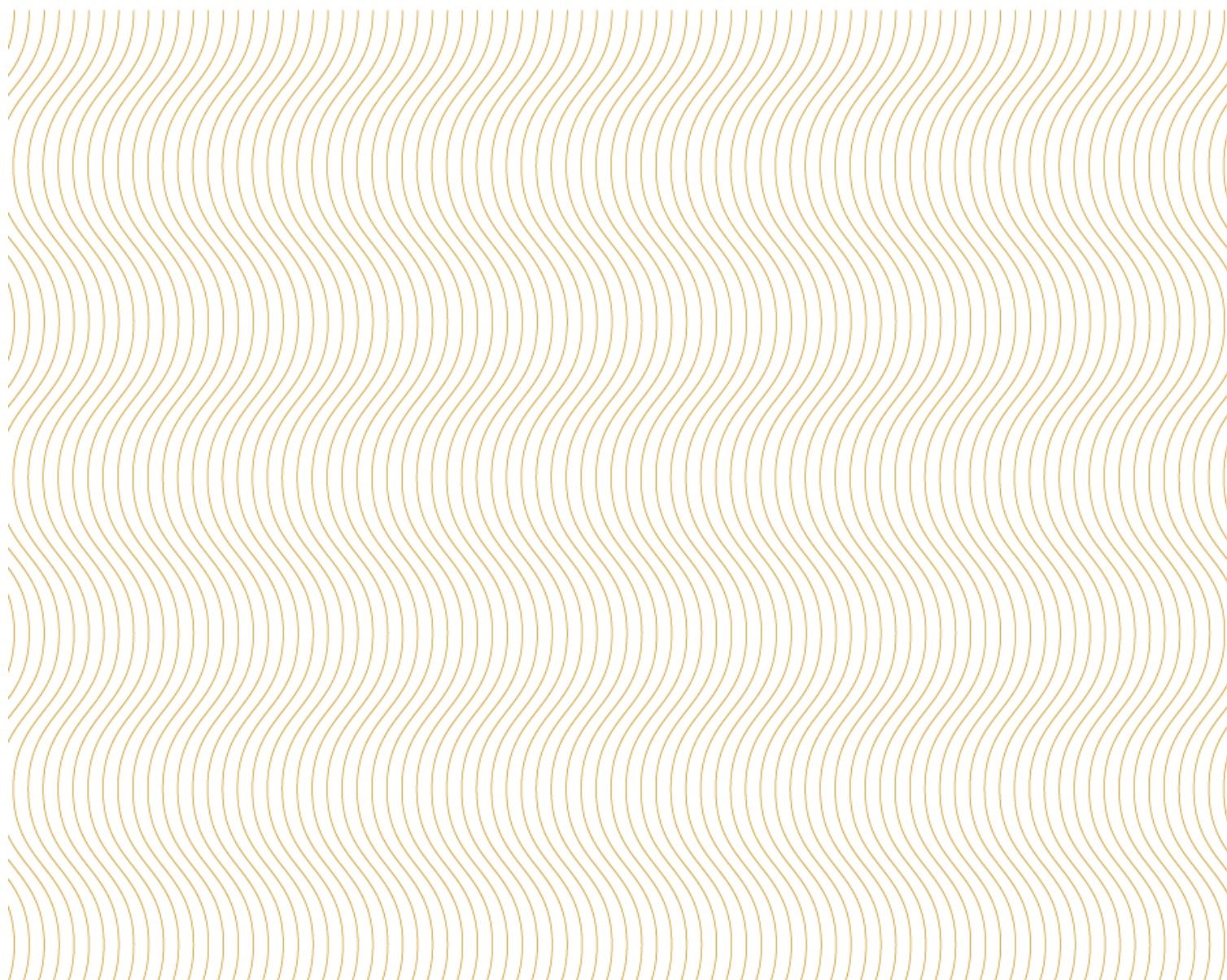


Registration Authority

Guidance Note – Employment in Abu Dhabi Global Market



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي



Introduction

Abu Dhabi Global Market (“**ADGM**”) is a broad based international financial centre, established pursuant to federal decree no. 15 of 2013 and Abu Dhabi Law No. 4 of 2013 (“**ADGM Law**”) in the Emirate of Abu Dhabi. With its own civil and commercial laws based on English common law, ADGM offers the local, regional and international business community a world-class legal system and regulatory regime.

This guidance (“**Guide**”) is issued under Section 28(1)(b) of the Commercial Licensing Regulations 2015 and Section 62(1) of the Employment Regulations 2019. The Guide has been prepared by the Registration Authority to support ADGM registered establishments in attracting and retaining the best talent in the market.

This Guide applies to establishments that have a valid licence issued by ADGM to carry on one or more activities in Al Maryah Island, and their employees.

Legal Framework

Federal Law No. 8 of 2004 exempts financial free zones and the activities conducted within these zones from federal civil and commercial laws. As the regulation of employment relationships is a civil matter, Federal Law No. 8 of 1980 on Regulation of Labour Relations does not apply in ADGM.

The Board of Directors of ADGM, in exercise of its powers under Article 6(1) of the ADGM Law concerning ADGM enacted the ADGM Employment Regulations 2019 (“**Regulations**”). The Regulations apply to ADGM, its authorities, establishments and employees.

A copy of the Regulations is available on ADGM website by following [this](#) link.

ADGM Employment Regulations 2019

The Regulations were issued by ADGM in 2019 to provide the **minimum employment standards** for employees and promote a fair balance of rights and obligations between employees and employers and to foster employment practices that will contribute to the success of ADGM.

This means that any agreement between an employer and an employee to waive or exclude any of these minimum requirements, except where expressly permitted under the Regulations, shall be void.

Having said that, the employer may at any time provide in any employment contract, terms and conditions that are more favourable to the employee than those required by the Regulations.

The Regulations apply to the following persons:

1. An employer which is:
 - a. a licensed person, that is, or was, a person who has or had a valid ADGM licence to carry on one or more controlled activities in ADGM; or
 - b. the Abu Dhabi Global Market as governed by the ADGM Founding Law, and
2. An employee (whether under an express or implied contract of employment) who:
 - a. works or will work in the service of an employer who has the right to control the details of their work performance; and
 - b. is based within, or ordinarily working within or from, ADGM.

The Regulations set out provisions regulating, among other provisions, the hiring of employees, protection of wages, working hours, leaves, medical and social care, safety of employees, duties of employees at work as well as termination of employment contracts and end of service benefits.

Highlights of Employment Regime in ADGM

Employment Contracts

A written contract of employment in English signed by an employer and an employee is necessary. The employer shall provide the employment contract no later than one month after the commencement of employment. Any amendments to such contract, unless it is for the benefit of the employee, must be in writing and signed by the employee and employer.

The employer must ensure that any employee who does not have sufficient competency in the written English language understands the terms of the contract of employment before signing it.

Employees may be subject to a probationary period of not more than six months, during which employment may be terminated without cause on one week's notice to the other party or for cause without notice.

In practice, there are two common types of employment contracts; limited and unlimited.

Limited employment contracts are for a specified duration with specific commencement and completion dates. Employment automatically terminates at the end of an employment contract period but can be renewed with mutual consent of the parties. The employment contract may stipulate the period at which the desire to renew/terminate is communicated to the other party.

In the case of unlimited employment contracts, only a commencement date will be specified, with an indefinite duration. The contract can be terminated by one of the following:

1. mutual agreement of the parties;
2. if one party wishes to do so, by giving prior notice of termination that is normally no less than 30 days; or
3. for cause as governed by the Regulations.

As per the Regulations, an employment contract should essentially include:

1. The names of the employer and employee;
2. The date when the employment began, or is to begin;
3. The employee's wages;
4. The applicable pay period;
5. Any terms and conditions relating to hours or days of work;
6. Any terms and conditions relating to:
 - a. vacation leave and vacation pay, national holidays and pay for such national holidays; and
 - b. sick leave and sick pay,
7. The length of notice that the employee and the employer is obliged to give and is entitled to receive to terminate the employment;
8. The title of the employee's job or a brief description of the employee's work;
9. Where the employment is not intended to be for an indefinite duration, the period for which it is expected to continue or, if it is a fixed term, the date when it is to end;
10. The place of work;
11. Any disciplinary rules and/or grievance procedures applicable to the employee; and
12. Any other matter that may be prescribed by the Board by rules.

The above requirements of employment contract do not apply to an employee if the employment is for less than 30 days (short-term employment).

Please click [here](#) to be directed to the standard Employment Contract, which contains the minimum standards set out in the Regulations, prepared by the Employment Affairs Office for use by ADGM registered establishments to engage with their employees.

Employment Visas and Work Permits

As per the Regulations, the Employer shall be responsible for obtaining, maintaining and paying the cost of the employee's work permit, and as applicable, UAE residency visa, and UAE identity card.

The Corporate Relations Office at ADGM supports ADGM establishments and their employees to navigate through the following processes:

1. visa applications and transition to Al Maryah Island. To obtain an employment visa, an employee must have an offer of employment from an ADGM entity existing on Al Maryah Island, which has a valid establishment card with ADGM. Employment visas are valid for one or three years;
2. obtaining work permits for part-time employees that work for an ADGM establishment on a temporary basis; and
3. obtaining temporary work permits for non-employees who are categorised as interns, Secondees, outsourced individuals and temporary free lancers. To access the Employment Regulations 2019 (Engaging Non-Employees' Rules) 2019 please [click here](#).

For more information regarding the required process please refer to the [ACCESSADGM](#) portal or email accessadgm.cases@adgm.com.

Employment of Youth

Employers may employ individuals between the ages of 15 and 18, subject to rules issued by the Registrar that govern that relationship.

In any event, the employer must take all appropriate measures to ensure that the working conditions for such youth are safe, reasonable and appropriate for their age and well-being.

Employee's Duties

As per the Regulations, employees shall to the extent specified in their contract of employment, do the following:

1. Perform their duties with reasonable diligence and care and obey their employer's orders to the extent that:
 - a) the orders are consistent with the employee's employment duties;
 - b) the orders will not expose the employee to danger; and
 - c) the carrying out of such orders will not contravene the Regulations, any other ADGM legislation or any legislation or regulations that are applicable within ADGM.
2. Comply with the health and safety instructions of the employer;
3. Take reasonable care of any of the employer's property which is in the employee's possession or control or which is accessed or used by the employee;
4. Shall not accept any gifts or advantage from any person in return for the performance of the employee's duties;
5. Shall not compete with the business of the employer; and
6. Shall not disclose to any third party any confidential information of the employer. This obligation shall apply during the employee's employment and indefinitely following termination of employment, unless such disclosure is compelled by a competent court or by the applicable law.

Employer's Duties

The Regulations mandate that every employer should provide his employees with protection against occupational hazards during work and the use, handling, storage and transport of dangerous articles and substances. The employer shall also display instructions regarding fire prevention, provide sufficient lighting and clean and hygienic working environment, provide adequate supply of wholesome drinking water for all employees, ensure workplace is ventilated by a sufficient quantity of fresh or purified air and provide and maintain adequate and safe access to, and from, the workplace.

The employer should also provide and maintain a workplace that is free of harassment, safe and without risks to an Employee's health.

Payment of wages

The employer must pay the employee a basic wage. The term 'basic wage' is the wage specified in the employment contract as agreed between the parties. Any allowances of any nature are not included in basic wage.

According to the Regulations, wage is paid to the employee in return for his services under an employment contract on a monthly, weekly, daily, hourly basis or, on a piece-rate, flat rate, commission or other incentive basis. In all cases, basic wage must be paid to the employee within 7 days of the end of the relevant pay period.

The Regulations do not prescribe any minimum wage.

Working Time

The maximum working hours for an employee is 48 hours a week. This can be increased but only after obtaining the employee's freely-given and informed consent in writing.

Daily and weekly rest periods for employees are stipulated in the Regulations (e.g. 11 consecutive hours rest in each 24 hour period, and 24 hours in each 7 day work period).

Where the employee's daily working time is more than 6 hours, the employee shall be entitled to rest and prayer breaks not less than 1 hour in aggregate. This duration may be spent away from the employees' work stations.

The employer shall not require or allow directly or indirectly an employee to work excessive hours or hours detrimental to the employee's health or safety.

Ramadan Working Hours

During the month of Ramadan, the normal working hours required for Muslim employees observing the fast shall be reduced by 2 hours.

Overtime Compensation

Overtime compensation is assessed in respect of a period of months rather than a strict day-by-day basis. An employees' weekly working hours are averaged out over a maximum 'reference period' of 4 months.

The 'threshold' is calculated with the restriction on the maximum weekly working hours in mind. Therefore, employees working in excess of the threshold over a reference period would be entitled to overtime compensation.

For example, if an employee works 60 hours one week, then only 45 hours per week for the following 3 weeks, over a certain period, the hours worked over the threshold, which are 3 hours in this case, will be averaged out throughout the reference period.

Note: 832 hours threshold over a reference period of 4 months is the maximum allowable period. However, employers may opt for shorter reference periods and thereby calculating the threshold hours pro rata.

The overtime compensation rate is calculated as 25% of the hourly rate. However, if the overtime occurs between 9pm and 5am then the compensation would be 50% of the hourly rate.

Overtime compensation may be either monetary compensation, time in lieu or a combination of both. However, the employer is obliged to pay the monetary compensation no later than 1 month after the expiration of the reference period in which it accrued.

Employees in managerial and/or supervisory positions, as well as those in positions where it is reasonably expected within that industry internationally that overtime is not payable, are not entitled to benefit from overtime compensation, unless the parties contractually agree otherwise.

Vacation Leave

Employees who have been employed for at least 90 days are entitled to paid vacation leave of not less than 20 business days per year (other than national holidays), which accrue pro rata. Maximum of 5 business days of untaken leave can be carried forward into the next year but for only a maximum period of 12 months, after which any unused leave shall expire.

Upon termination of an employee's employment, or if the Employer agrees otherwise, the employee is entitled to payment in lieu of vacation leave accrued but not taken.

In the event where an employee has taken more vacation leave than has accrued at the date of termination, the employee shall repay the employer the corresponding sum.

Sick Leave and Sick Pay

Subject to satisfying certain conditions related to provision of a notification and medical reports to the employer, employees are entitled to sick leave not exceeding a maximum of 60 business days in aggregate in any 12 month period.

An employee shall be entitled to full pay, based his daily wage, for the first 10 business days, half pay for the next 15 business days and no pay for the remaining 30 business days.

If sick leave is not taken on account of a disability, the employer may terminate the employment immediately with written notice to the employee if an employee exceeds the limit above.

Maternity Leave

In order to promote a balance between career and family and to support the rights of working women, a minimum maternity leave entitlement of 65 business days is granted to female employees delivering a newborn, as well as those who are adopting a child of an age less than 3 months.

During maternity leave, the employee shall be entitled to normal daily wage for the first 33 business days of maternity leave, and 50 per cent of the employee's normal daily wage for the next 32 business days. An employee cannot receive compensation in lieu of maternity leave.

An employee shall only be entitled to maternity leave and pay if she has been continuously employed with her employer for at least 12 months preceding the expected or actual week of childbirth. She must notify her employer in writing that she is pregnant at least 8 weeks before the expected week of childbirth (if requested by the employer). She must also provide a medical

practitioner's certificate stating the expected or actual birth date (if requested by the employer), and must notify her employer in writing at least 21 days before the day the employee proposes to begin her maternity leave.

Note: In cases of adoption, references to 'childbirth' shall be treated as references to 'date of adoption'.

Paternity Leave

An employee who becomes a father to a newly-born child shall be entitled to a minimum paternity leave entitlement of 5 business days to be taken within 2 months of the date of birth of the child. The employee shall be entitled to paternity pay at the employee's normal daily wage. An employee cannot receive compensation in lieu of paternity leave.

Ante-Natal Care

An employee who is pregnant, and on the advice of a registered medical practitioner, made an appointment to receive ante-natal care, is entitled to time off work during the employee's working hours, in order to keep the appointment.

In such instances, the employer is entitled to request the employee to provide a medical certificate confirming the pregnancy and evidence of ante-natal appointments.

An employee who is permitted to take time off for ante-natal care shall be entitled to be paid for the period of absence at the appropriate hourly rate, which is the daily wage divided by the number of normal working hours in a business day.

Health Insurance & Medical Assistance

The employer is required to obtain and maintain health insurance cover for its employees.

Furthermore, in the event where an employee suffers an injury as a result of an accident arising out of or in the course of his employment, and provided that such expense is not covered by the employer-provided health insurance, the employer must immediately obtain adequate medical assistance for that employee, and bear the expenses.

Compensation for Employment Accidents & Occupational Diseases

The employee is entitled to compensation if he/she proves that the accident suffered arose as a result of the employer's negligence or actions. A scale of compensation for particular injuries is set out in the Schedule to the Compensation Awards and Limit Rules 2019 that can be found [here](#).

Where an employee dies as a result of an accident or illness arising out of or in the course of his employment and such accident or illness arose as a result of the employer's negligence or actions, the employer shall pay compensation to his named dependants equal to no less than 24 months' wages calculated on the basis of the last monthly wage the employee was paid before his death.

Termination of employment

An employment contract can be terminated:

1. by the mutual agreement of the two parties;
2. at the end of the contract term; or
3. if one of the parties wishes to terminate the contract, provided, they provide written notice as per the provision of the contract of employment, or if there are no contractual provisions, then in accordance with the Regulations.

Both the employee and the employer may terminate the contract without notice if termination is 'for cause'. Termination for cause by the employer could be for reasons such as employee misconduct, violation of employment contract or violation of the Regulations. Termination for cause by an employee could be for reasons of the employer having committed a crime or contravened the Regulations in a way that has a detrimental impact on the employee, or committed a material breach of the employment contract.

At the termination of the employment contract, an employee is entitled to any amount due in lieu of notice period, particularly, in case of unlimited contract.

Notice Period for Termination

If the employment has been for a continuous period of less than 3 months, or the employee is still in probation, the minimum notice requirement is 7 days.

If the employment has been for a continuous period of 3 months or more, the minimum notice requirement is 30 days.

The employer and employee may agree to a longer notice period, waive the notice requirement or accept a payment in lieu of notice.

The requirement for notice does not apply where the employment has been terminated for cause, for excessive sick leave or during probation.

Repatriation Flight

On termination of the employee's employment, the employer must provide the employee with a one-way repatriation flight to the employee's country of origin, or any other destination as agreed by the parties.

The above entitlement will not apply if the employee:

1. obtains alternative employment or visa sponsorship in the UAE within 30 days from the date of termination; or
2. has been dismissed for cause in accordance with the Regulations.

End of Service Gratuity

An employee who completes continuous employment of 1 year or more is entitled to a gratuity payment at the termination of the employee's employment, provided that termination is not due to employee's conduct. This does not include employees who opt for a pension scheme established by the employer.

The gratuity payment shall be calculated as follows:

- a) 21 days' basic wage for each year of the first 5 years of service; and
- b) 30 days' basic wage for each additional year of service,

provided that the total of the gratuity shall not exceed the wages of 2 years of service.

The employer may deduct from the gratuity any amounts owed to the employer by the employee.

Where the termination occurs prior to the end of any full year of employment, the gratuity payment shall be calculated on a proportionate basis.

Employment Affairs Office

ADGM recognises that the Regulations are an important component of ADGM's commercial legislation, contributing to ADGM's commitment to international best practice and supporting ADGM establishments to attract and retain the best talent. Therefore, the Board of Directors of ADGM approved the establishment of an Employment Affairs Office ("**EAO**") within the Registration Authority. The purpose of the EAO is to facilitate the operation of the Regulations in respect of the following activities:

- **Guidance and information:** EAO would provide guidance and information to ADGM registered firms and their employees on ADGM's employment standards, requirements and application; and
- **Stakeholder Liaison & Best Practice:** EAO would maintain stakeholder engagement with relevant local authorities regarding the ADGM workforce, as well as to review and ensure ADGM's employment regime is and remains in line with international best practice.

The EAO will deal with enquiries related to employment requirements, processes and procedure and will provide guidance on the preparation and timing of employment agreements. In addition, it may answer queries regarding employees' applicable benefits and the process for terminating a UAE national from an ADGM entity.

The EOA is unable to assist in relation to disputes, grievances or complaints regarding an employee or employee, in which case legal advice should be obtained.

EOA Contact Details

The Employment Affairs Office can be contacted by:

Email: eao@adgm.com

In person: 3rd floor, ADGM Building, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

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Disclaimer

This is only a guide and should be read together with the relevant ADGM legislation, which may change over time without notice. The Guide only provides information on ADGM legislation. Further advice from a specialist professional may be required. The Registration Authority makes no representations as to accuracy, completeness, correctness or suitability of any information and will not be liable for any error or omission.