

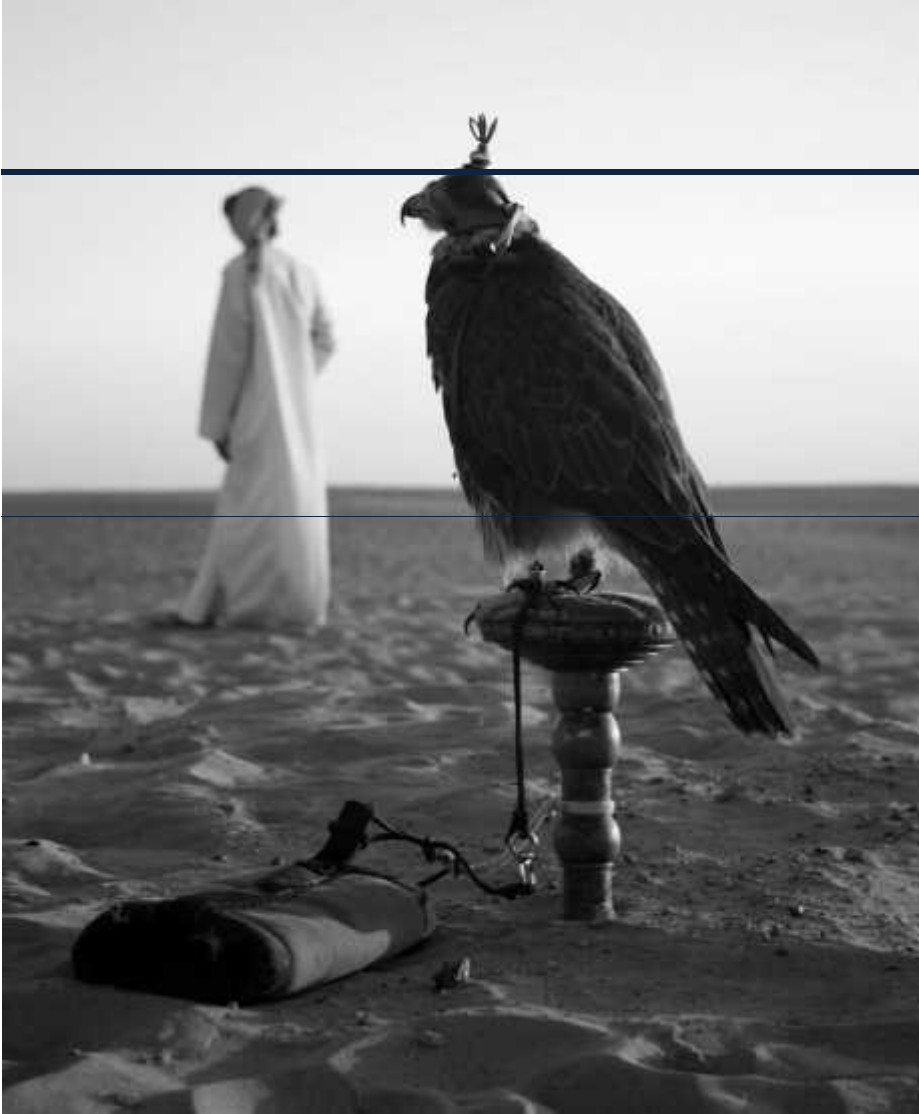
United Arab Emirates

Prepared by Lex Mundi member firm,
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A Guide to Doing Business in the United Arab Emirates

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Updated December 2015

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Table of Contents

	Page
I. The Country at a Glance.....	3
II. General Considerations.....	5
III. Investment Incentives	15
IV. Financial Facilities.....	16
V. Exchange Controls.....	18
VI. Import & Export Regulations.....	19
VII. Structures for Doing Business.....	21
VIII. Requirements for the Establishment of a Business	33
IX. Operation of the Business	36
X. Cessation or Termination of a Business	39
XI. Labour Legislation, Regulation and Supply	41
XII. Tax	48
XIII. Immigration Requirements	49
XIV. Expatriate Employees	50

I. The Country at a Glance

The United Arab Emirates (U.A.E.) is a federation of seven Emirates that was formed on December 2, 1971 by Abu Dhabi, Ajman, Dubai, Fujairah, Sharjah and Umm Al Qaiwain following the end of the British protectorate over the "Trucial States." The Emirate of Ras Al Khaimah joined the federation the following year.

The U.A.E. is located between the Arabian Gulf (also known as the Persian Gulf) and the Gulf of Oman and is bordered by Saudi Arabia and Oman. It is sunny year round and has a warm arid desert climate, although it does experience rain occasionally in the winter. The terrain itself consists of flat coastal plains bordering the Arabian Gulf, deserts in the central part of the country and small mountain ranges to the east bordering Oman.

Of the country's total population (estimated at 9.5 million in 2014), approximately 80% are not native to the country. Approximately 23% of the population are persons from other Arab League member states and Iran, while approximately 50% of the population is from South Asia. Arabic is the official language; however, English is the de facto business language and is spoken by most. Persian, Hindi and Urdu are also widely spoken. The Muslim faith is practiced by the overwhelming majority, although there is a significant number of adherents of other faiths, particularly Christianity and Hinduism.

The currency is the U.A.E. Dirham. The exchange rate is pegged at approximately AED 3.67 per U.S. \$ 1.00. The exchange rate fluctuates from day to day with the Euro and other currencies.

Arab and Islamic cultural nuances can be found throughout the country, even in business. However, western culture plays an important role and business practices closely resemble those in the United States and Great Britain. Although Islam is a source of legislation, it is not strictly applied in business as it is in some other Middle Eastern countries.

The U.A.E. has a well-developed infrastructure. The capital city of Abu Dhabi and the city of Dubai are very modern. There is an extensive bus system, a highway system, commercial seaports, and international airports located in the major cities of Dubai, Abu Dhabi and Sharjah. Dubai also has a metro system. The country also boasts a number of government-run hospitals.

Like its neighbors in the Arabian Gulf, the U.A.E. is primarily known as a petroleum-producing economy which has achieved tremendous economic and social development in the last four decades. Most of the U.A.E.'s petroleum reserves are located in the

Emirate of Abu Dhabi. While the petroleum sector has dominated economic development in the U.A.E., attempts are being made to diversify into other sectors. Although the country is a federation, the member Emirates largely pursue their own policies. The Emirate of Dubai, the commercial hub and second largest Emirate in the U.A.E., in particular is positioning itself as a regional trade centre, information technology and transportation hub and has developed into a major tourist destination.

The U.A.E. Federal Constitution apportions powers between the federal government (based in Abu Dhabi) and the governments of the constituent Emirates. Some fields are regulated only at the federal level (e.g., immigration and labour relations) although local interpretations and practices sometimes differ from one Emirate to another. Other matters are regulated only at the Emirate level (e.g., each Emirate retains sovereignty over its own natural resources, including its petroleum reserves). Still other matters are regulated at both the Emirate and federal levels (e.g., company formation and registration).

The U.A.E. has a very modern telecommunications system. There are two telecom operators, Etisalat and Du. Both are partially owned by the U.A.E. federal government. Public services (i.e., water, electricity and sewage) are provided by government authorities.

This summary provides a brief overview of certain key issues relevant to foreign investors wishing to establish a business presence in the U.A.E. In each case (other than establishing a presence in a free zone), the involvement of a U.A.E. national - whether as agent, partner or "sponsor" - will be a prerequisite.

II. General Considerations

A. Investment Policies

The U.A.E. in general and Dubai specifically welcome foreign investment. Dubai has invested heavily in infrastructure and established liberal policies in order to attract investors. There are governmental departments which are devoted to the promotion of investment.

In the four or five years leading up to the recent global recession, which has affected Dubai markedly, the U.A.E. experienced double-digit inflation. Now, however, the rate of inflation is estimated to be as low as 2.3%.

The main restriction with regard to foreign investment is that a company established in the U.A.E. must be at least 51% owned by U.A.E. nationals, unless it is:

- based in one of the free zones;
- a certain type of a sole proprietorship or a professional partnership; or
- a company 100% owned by nationals of the member states of the Cooperation Council of the Arab States of the Gulf, or Gulf Cooperation Council (“GCC”). The GCC members other than the U.A.E. are Bahrain, Kuwait, Oman, Qatar and Saudi Arabia.

With regard to sectors of national interest, such as those relating to telecommunications and petroleum, there are additional restrictions on foreign ownership and/or additional licensing requirements. Furthermore, there are certain sectors, such as banking, insurance and investment, which are subject to additional regulation.

Although Abu Dhabi is still primarily reliant on its oil-producing sector, Dubai has successfully managed to diversify its economy. Dubai has actively promoted certain sectors and is investing heavily in becoming the regional centre for sectors such as banking, financial markets, tourism, transport, media, health and education. The U.A.E. has also adopted policies to attract the manufacturing sector.

B. Diplomatic Relations

The U.A.E. is an active member of the United Nations and follows the organisation's basic policies for diplomatic relations and foreign policies. Its principles are based on neutrality in the internal affairs of nations, respect for the leadership and territorial integrity of countries and non-recognition of acquisition of territories by force. The country is also a member of the Charter of the Organisation of the Islamic Conference

“OIC”) and follows these policies as well. The U.A.E. has also worked towards closer relationships with other Arab nations since the 1960s and a harmonious Arab League. It is also a member of the GCC, an organisation which promotes regional stability in the Gulf states through collective cooperation.

The U.A.E. does not formally recognise Israel. However, by 1994 Cabinet Decree, the U.A.E. ended its observation of the secondary and tertiary aspects of the Arab League boycott of Israel, although the U.A.E. legislation implementing the Arab League boycott of Israel remains in effect today without formal amendment.

Contact information for certain Embassies and Consulates in U.A.E.

Australian Embassy, Abu Dhabi	British Embassy, Abu Dhabi
Level 8, Al Muhairy Centre Sheikh Zayed the First Street P.O. Box 32711, Abu Dhabi United Arab Emirates Tel.: +971 2 401 7500 Fax: +971 2 401 7501 E-mail: abudhabi.embassy@dfat.gov.au	British Embassy Abu Dhabi Khalid bin Al Waleed St (Street 22) P.O. Box 248 Abu Dhabi United Arab Emirates Tel.: +971 2 610 1100 Fax: +971 2 610 1609
British Embassy, Dubai	Canadian Embassy, Abu Dhabi
British Embassy Dubai Al Seef Road Bur Dubai Near Dubai Creekside P.O. Box 65 Dubai United Arab Emirates Tel.: +971 4 309 4444 Fax: +971 4 309 4257	Abu Dhabi Trade Towers (Abu Dhabi Mall) West Tower 9th & 10th Floors P.O. Box 6970 Abu Dhabi United Arab Emirates Tel.: +971 2 694 0300 Fax: +971 2 694 0399 Email: abdbi@international.gc.ca
Canadian Consulate General, Dubai	Chinese Embassy, Abu Dhabi
Consulate General of Canada 19th Floor Jumeirah Emirates Towers (Office Tower) Sheikh Zayed Road Dubai United Arab Emirates Tel.: +971 4 404 8444 Fax: +971 4 404 8556 Email: dubai@international.gc.ca	Plot No. 26, Sector No. W-22 Al Khaleej Al Arabi Street P.O. Box 2741 Abu Dhabi United Arab Emirates Tel.: +971 2 443 4276 Tel.: +971 2 447 4742 (Commercial Office) Fax: +971 2 443 6835/5440 Email: chinaemb_ae@mfa.gov.cn

<p>French Embassy, Abu Dhabi</p> <p>Angle Delma Street et Al Nahyan Street P.O. Box 4014 Abu Dhabi United Arab Emirates Tel.: +971 2 443 5100 Fax : +971 2 443 4158 E-mail: contact@ambafrance.ae</p>	<p>German Embassy, Abu Dhabi</p> <p>Abu Dhabi Mall / Towers at the Trade Center West Tower, 14th Floor P.O. Box 2591 Abu Dhabi United Arab Emirates Tel.: +971-2-644 6693 Fax: +971-2-644 6942/9425 Email: info@abu-dhabi.diplo.de</p>
<p>German Consulate General, Dubai</p> <p>Jumeirah I, Street 14 A P.O. Box 2247 Dubai United Arab Emirates Tel.: +971 4 397 2333 Fax: +971 4 397 2225</p>	<p>Indian Embassy, Abu Dhabi</p> <p>Plot No. 10 Sector W-59/02 Diplomatic Area Off the Airport Road P.O. Box 4090 Abu Dhabi United Arab Emirates Tel.: +971 2 449 2700 Fax: +971 2 444 4685/7768 Email: indiauae@emirates.net.ae</p>
<p>Indian Consulate General, Dubai</p> <p>Al Hamriya, Diplomatic Enclave P.O. Box 737 Dubai United Arab Emirates Tel.: +971 4 397 1222/1333 Fax: +971 4 397 0453 Email: cgidubai@emirates.net.ae</p>	<p>Italian Embassy, Abu Dhabi</p> <p>Al Nahayan Street, Corner Dalma Street, Plot 350 W 14-02 Bateen P.O. Box 46752 Abu Dhabi United Arab Emirates Tel.: +971 2 443 5622 Fax: +971 2 443 4337 Email: ambital@emirates.net.ae, info@italia.ae</p>
<p>Italian Consulate, Dubai</p> <p>17th Floor, World Trade Centre Sheikh Zayed Road P.O. Box 9250 Dubai United Arab Emirates Tel.: +971 4 331 4167 Fax: +971 4 331 7469 Email: consulit@emirates.net.ae</p>	<p>Malaysian Embassy, Abu Dhabi</p> <p>Villa No. 715B, Sector 40 Al Saada Street No. 19 New Corniche, P.O. Box 3887 Abu Dhabi United Arab Emirates Tel.: +971 2 448 2775/2776 Fax: +971 2 448 2779 Email: admin@malaysianembassy.ae</p>

Pakistani Embassy, Abu Dhabi	Pakistani Consulate General, Dubai
Embassy of the Islamic Republic of Pakistan P.O Box: 846 Plot No. 2, Sector W59 Diplomatic Enclave, Near Sheikh Zayed Military Hospital Abu Dhabi United Arab Emirates Tel.: +971 2 444 7800 Fax: +971 2 444 7172	Consulate of Pakistan in Dubai Khalid Bin Waleed Road, Bur Dubai P.O. Box 340 Dubai United Arab Emirates Tel.: +971 4 397 3600 Fax: +971 4 397 1975 E-mail: parepdub@emirates.net.ae
U.S. Embassy, Abu Dhabi	U.S. Consulate General, Dubai
Embassies District, Plot 38, Sector W59-02, Street No. 4 P.O. Box 4009 Abu Dhabi United Arab Emirates Tel.: +971 2 414 2200 Fax: +971 2 414 2241 email: abudhabiacs@state.gov	Sheikh Khalifa Bin Zayed Road (at the corner of Al Seef Road) P.O. Box 121777 Dubai United Arab Emirates Tel.: +971 4 309 4000 email: dubaiwarden@state.gov

C. Government

The U.A.E. is officially known as "Dawlat al-Imarat al-Arabiyya al-Muttahida," or the State of the United Arab Emirates. The Federal Constitution was adopted on December 2, 1971 and made permanent in 1996.

1. Political System

The U.A.E. has a unique political system in that it brings together both traditional and modern structures that have enabled the country to maintain great political stability. The U.A.E. began as a federation of seven traditional Bedouin shaikhdoms. Each of the seven Emirates is lead by a Ruler who is usually the leading member of that Emirate's Ruling Family. The Rulers of the Emirates make up the Federal Supreme Council, the top executive and legislative authority in the U.A.E. The President of the Federation is elected from within this group by the Rulers and presides over the Supreme Council. Historically, the Ruler of Abu Dhabi has been elected President, and the current President is the current Ruler of Abu Dhabi, Sheikh Khalifa Bin Zayed Al Nahyan. The Supreme Council also elects the Vice-President of the U.A.E., who has historically been the Ruler of the Emirate of Dubai.

The executive branch of the Federation is the Council of Ministers or Cabinet, which

consists of the Prime Minister, the Deputy Prime Minister, and a number of Ministers, all appointed by the President of the Federation. The Council of Ministers is responsible for dealing with all domestic and foreign affairs which are within the competence of the Federation. The Council of Ministers, inter alia, has the following powers:

- a) Supervising the implementation of Federal Laws.
- b) Initiating drafts of Federal Laws and submitting them to the Federal National Council before they are forwarded to the President for presentation to the Supreme Council for ratification.
- c) Issuing regulations necessary for the implementation of the Federal Laws.

The quasi-legislative branch of the Federation is the Federal National Council or Majlis al-Ittihad al-Watani, which comprises forty members from the various Emirates based on population. Whilst half of the members of the Federal National Council are appointed by the Rulers to serve two-year terms, the remaining are elected by citizens. A member of the Federal National Council cannot hold any other public office in the Federation, including Ministerial portfolios. The Federal National Council receives draft bills, prepared by the Council of Ministers, before they are sent to the Supreme Council. The Federal National Council can debate the issues and suggest amendments to the draft bill. However, its views are not binding on the Supreme Council. A draft bill becomes a Federal Law upon ratification of the same by the Supreme Council and the signing and enactment by the President.

2. Political Stability

The U.A.E. has had a stable government since its inception. Sheikh Zayed bin Sultan Al Nahyan served as the President of the Federation from the establishment of the U.A.E. until his death on November 2, 2004. On the following day, the Supreme Council elected his son, Shaikh Khalifa bin Zayed, the new Ruler of Abu Dhabi, as President of the Federation. Shaikh Khalifa continues to serve as President today. The government and Rulers are legitimate and have broad popular support, and there is no domestic political opposition.

3. Judicial System

The U.A.E. Constitution provides for a federal court system, but acknowledges the right of each constituent Emirate to maintain an independent court system. Currently, the courts of Ajman, Fujairah, Sharjah and Umm Al Qaiwain are part of the federal court system. The Emirates of Abu Dhabi, Dubai and Ras Al Khaimah maintain separate court systems. Rules of evidence and court procedure, however, are governed by federal laws, which apply in all seven Emirates.

There are three levels to the federal court system. The Federal Courts of First Instance

are trial courts and are located in each major city in the federal court system. There are three principal divisions to the Courts of First Instance: civil, criminal and Sharia (Islamic). The Sharia division has jurisdiction over matters of personal status (marriage, divorce and inheritance) and jurisdiction over certain criminal matters, including drug offenses and offenses involving minors. The criminal division handles other criminal cases. The civil division handles all other matters, including commercial disputes.

Decisions of the Court of First Instance may be appealed to one of the Federal Courts of Appeal. Questions of law and certain other matters may be appealed to the U.A.E. Federal Supreme Court, located in Abu Dhabi.

The structure of the Abu Dhabi and Dubai court systems largely parallels that of the federal system. There are only two tiers in the court system of Ras Al Khaimah, namely the Court of First Instance and the Court of Appeal.

Court proceedings in the U.A.E. are often time-consuming. There are no juries, and cases are heard by a single judge or a three-judge panel, depending on the nature of the dispute. Cases proceed on the basis of written pleadings submitted by advocates at a series of brief hearings stretching over a period of months. Hearings are in Arabic and are normally open to the public. All evidence submitted to the court must be in Arabic or be translated into Arabic by a U.A.E. certified translator. Many decisions are not reported. As is the case in civil law jurisdictions, there is no common law doctrine of binding precedent.

Overall the judicial system for the ordinary person is generally perceived to be impartial. The main shortcoming is the length of time it takes to get a final and binding judgment. Although an appeal to the Federal Supreme Court can only be made on a point of law, every party has an automatic right of appeal to the Court of Appeal. The Court of Appeal hears the matter afresh and the parties can file further submissions and evidence. The other main shortcoming is the competence of U.A.E. judges to fully understand the complexities of a large commercial dispute.

Due to the above-mentioned issues, alternative methods of dispute resolution are being encouraged by the U.A.E. authorities, and the same are gaining popularity. One of these is resolving disputes through arbitration and more specifically through the Abu Dhabi Commercial Conciliation and Arbitration Centre and the Dubai International Arbitration Centre and by arbitration in the Dubai International Financial Centre (the "DIFC"). The authorities are trying to establish policies to facilitate the enforcement and implementation of arbitration awards. Another alternative forum for dispute resolution is the courts of the DIFC. The DIFC courts are common law courts which follow procedural rules modeled closely on the rules of the English courts. Oral advocacy is the norm and English is the official language of the courts. The DIFC

courts are discussed in greater detail below.

Thus, an investor does have a choice as to whether to adopt an alternative method of dispute resolution. An arbitration award can be enforced only through the U.A.E. courts.

Enforceability of foreign judicial decisions

Foreign judicial decisions are enforceable in the U.A.E., provided certain criteria are met. The problem is that the criteria are such that they are usually not met. One such requirement is that in order to enforce a foreign judicial decision, it has to be ascertained that the courts of the U.A.E. do not have jurisdiction to entertain the dispute in the course of which the foreign judgment or order is made. As can be appreciated, this would almost never be the case with respect to a foreign judgment made against a national or resident (person or entity) of the U.A.E.

In contrast, judgments from some countries can be enforced pursuant to treaties. The U.A.E. is party to two multilateral treaties of this type, concluded among the member states of the Arab League and the GCC, respectively. The U.A.E. has entered into similar bilateral agreements with a number of countries, including several Arab League member states as well as Armenia, Azerbaijan, China, France, India and Pakistan. These countries are also under an obligation to enforce judgments of U.A.E. courts.

Development of the Courts of the DIFC

The development of the DIFC courts is a relatively recent phenomenon. The jurisdiction of the DIFC courts is limited to the DIFC free zone. The substantive law applied in the DIFC is based on the principles of Common Law and the rules of procedure are based closely on English models. Most of the judges adjudicating disputes have worked as judges in other Common Law jurisdictions.

D. Environmental Considerations

Over the last several years the U.A.E., and in particular Abu Dhabi, has given a lot of importance and devoted substantial resources towards improving the environment. In 2010, Abu Dhabi won the Arab world's top green city and most environment friendly city awards. Abu Dhabi is currently running a "watersavers" campaign, which is to install water saving devices free of charge in every tap in every household in Abu Dhabi. It is estimated that this would help save 75 billion liters of water annually once all the households have been fitted with the devices. Similarly, the other Emirates regularly initiate and run different types of campaigns aimed at improving the environment.

The relevant authority that is concerned with dealing with environmental issues is the Federal Environment Authority, which was created by the Federal Law No. 7 of 1993 (as

amended by Federal Law No. 30 of 2001). The main functions of the Federal Environmental Authority are, inter alia, to conduct research, studies and investigations. It is divided into the following departments:

- a. International Relations and Follow-up Office: This department follows-up with the implementation of international agreements relating to environment to which the U.A.E. is a signatory. It reports any violations and carries out feasibility studies with respect to proposed new agreements. It operates as a connection point between the Federal Environmental Authority and the international and regional environmental organisations.
- b. Technical Services Department: This department consists of three sections, namely:
 - i. Environmental Awareness and Media Section, which is concerned with the development of educational and media tools to improve environmental awareness.
 - ii. Environmental Emergency and Disasters Section, which works on establishing methods to forecast natural disasters and plans relating to facing emergencies, environmental disasters and industrial pollution incidents.
 - iii. Information Systems and Certification Section, which works on creating programs on compilation of data and exchange of the same with environmental research institutions and organisations.
- c. Environmental Forecast, Monitoring and Studies Department: This department consists of three sections, namely:
 - i. Forecast and Pollution Fighting Section, which, inter alia, participates in the preparation of the specifications and standards relating to radiation, liquid and solid wastes of various sources. It also prepares regular reports on the quality of air, water, soil, marine environment and noise pollution.
 - ii. Natural Life and Protectorates Section, which, inter alia, evaluates the current status of the natural life and protectorates and prepares restrictions and regulations for the management, development and improvement of natural protectorates.
 - iii. Central Laboratory, which conducts analysis of various potentially hazardous substances as and when required.
- d. Continuing Development & Environmental Evaluation Department: This department consists of three sections, namely:
 - i. Industrial Activity and Environmental Permits Section, which, inter alia, reviews feasibility studies for projects having environmental effect referred by other authorities of the State and prepares the necessary recommendations in relation thereto. It also issues environmental

permits in coordination with the concerned authorities. It also makes site visits on project sites to ensure compliance with the relevant requirements.

- ii. Agricultural Activity and Desert Control Section, which, inter alia, prepares evaluation reports for agricultural activities and desert control.
- iii. Urban Environment Section, which, inter alia, participates in establishing the specifications and standards for the designing of buildings and housing to ensure that environmental considerations are taken into account. It also studies the problems of transport, domestic wastes and sewerage wastes and proposes solutions for the same.

The other main law is Federal Law No. 24 of 1999 concerning the Protection and Development of the Environment. This Law lays out several provisions dealing with, inter alia, the following:

- Environmental Impact of Facilities: As a result certain projects will require a prior evaluation of their effect on the environment. After the evaluation, the authorities may allow the project to proceed subject to compliance with any requirements imposed by the Federal Environment Authority.
- Protection of Marine Environment: There are comprehensive regulations which have to be adhered to by vessels carrying hazardous substances.
- Protection of drinking water and groundwater.
- Air pollution.
- Dealing with hazardous substances, wastes and medical wastes.
- Natural Protectorates.

These federal laws impose very harsh fines and other penalties (including imprisonment) for violations.

E. Intellectual Property

Federal laws concerning intellectual property such as patents, trademarks, copyrights and protections for trade secrets have been in effect since the early 1990s.

The U.A.E. subscribes to numerous international treaties dealing with intellectual property issues, such as the Paris Convention and the World Trade Organization's TRIPS agreement, among others.

1. Patents

Patents are governed by U.A.E. Federal Law No. 17 of 2002 Concerning the Regulation and Protection of Industrial Designs, which gives protection to, among other things, products and processes. The U.A.E. has joined the Patent Cooperation Treaty of 1970.

Once the patent application is filed, it is queued for examination by the U.A.E. Patent

Office with respect to compliance with formalities. If accepted, the applicant or agent is notified to settle fees for substantive examination. The substantive examination is then conducted by the Austrian Patent Office pursuant to a bilateral agreement between the two countries.

A patent is valid for 20 years. The patent owner must use it or license it within four years from the date of application.

2. Trademarks

The relevant law concerning trademarks is Federal Law No. 37 of 1992, as amended by Federal Law No. 19 of 2000 and Federal Law No. 8 of 2002. It protects both trademarks and trade names. This Law and its implementing regulations set forth the procedure for registering a trademark. They also set out the requirements that need to be met for licensing use of a trademark.

With regards to registering a trademark, applications are submitted to the Trade Control Section of the Ministry of Economy. The process takes slightly over a year, and costs approximately Dh 13,000 (about U.S. \$ 3,540). Registration is valid for ten years from the date of the application and can be renewed.

Unauthorised use of a registered trademark and other related offenses are punishable under U.A.E. law. An aggrieved trademark owner or licensee can also bring a civil action for damages. However, no declaratory relief is available from the U.A.E. courts, and the U.A.E. courts are generally reluctant to grant injunctive relief.

3. Copyright

The relevant law is U.A.E. Federal Law No. 7 of 2002 Concerning Author's Rights and Neighboring Rights, which gives protection to a wide range of works. Ministerial Resolution No. 131 of 2004 sets forth the detailed procedures for the registration of copyrights with the Ministry of Information and Culture. A copyright is protected for the duration of the author's life plus 50 years.

The U.A.E. is a signatory to the Berne Convention of 1971, the Rome Convention of 1961 and the WIPO Convention of 1996.

Unauthorised publication of a copyrighted work in the U.A.E. is a criminal offense punishable by imprisonment and/or fines.

III. Investment Incentives

There are various free zones in the U.A.E., the most prominent of which are the Jebel Ali Free Zone and the Technology, Electronic Commerce and Media Free Zone in Dubai. Other major free zones include the Dubai Airport Free Zone in Dubai and the Hamriyah Free Zone and the Sharjah Airport Free Zone in Sharjah. Other Emirates such as Ajman and Ras Al Khaimah have also established their own free zones.

Foreign companies are permitted to establish wholly owned branches or incorporate wholly owned subsidiaries in each of the free zones, without the need to appoint a U.A.E. national sponsor or have any U.A.E. national ownership. The establishment of a free zone branch or a corporate entity is handled by the relevant free zone authority. The free zones generally offer the following advantages:

- 100% foreign ownership of the enterprise
- 100% import and export tax exemptions
- 100% repatriation of capital and profits
- No corporate taxes for 15 years, renewable for an additional 15 years
- No personal income taxes
- Streamlined processes for labour recruitment, availability of office space, and (in some free zones) available staff housing

However, even outside free zones, there is currently no corporate or personal income tax (except on foreign banks and petroleum producing companies).

Dubai has established the Export Development Corporation to provide exporters with services required to enter or expand in foreign markets. The Dubai Government has also set up an Export Credit Insurance Company of the Emirates (ECIE), the main purpose of which is to help companies increase their export business by providing them with the necessary protection against trade credit risks.

ECIE provides short-term trade credit insurance policies to companies based in the U.A.E. that are engaged in manufacturing, value-added trading and export of services. The policies are mainly tailored to cover an exporter against the risk of non-payment by its customer in the case of goods or services that are sold on credit terms not exceeding 180 days. The government has also set up Emirates Industrial Bank for medium or long-term industrial finance to local companies. Commercial banks in the U.A.E. also provide export financing facilities.

IV. Financial Facilities

A. U.A.E. Central Bank and Currency Control

The U.A.E. Central Bank was created pursuant to Federal Law No. 10 of 1980 concerning the Central Bank, the Monetary System and the Organisation of Banking (the “Banking Law”).

The Central Bank (which replaced the former U.A.E. Currency Board) is entrusted with the issuance and management of the country's currency and the regulation of the banking and financial sectors. It is a governmental agency with its capital fully owned by the Federal Government and has its headquarters at Abu Dhabi.

Under the Banking Law, the Central Bank has been empowered to license and regulate the following categories of banks and financial institutions:

- commercial banks;
- investment banks;
- financial institutions (finance companies);
- financial intermediaries (brokerages);
- monetary intermediaries (foreign exchange houses);
- investment companies;
- representative offices of foreign banks; and
- investment, banking and financial consultants.

The Banking Law does not apply to statutory public credit institutions (no such institutions have been established in the U.A.E. to date), governmental investment institutions, development funds, pension funds or the insurance industry.

The Central Bank acts as the U.A.E.'s central bank and regulatory authority, directing monetary, credit and banking policy for the entire country. The individual Emirates do not have separate corresponding institutions.

The Central Bank is also empowered to set the exchange rate of the Dirham against major foreign currencies. In practice, the Dirham has been pegged to the U.S. Dollar for over 30 years.

The Central Bank publishes an annual report and periodic economic bulletins which report on, inter alia, economic and monetary policy, key statistics, monetary developments, regulatory initiatives concerning the financial system, activities and financial results of the Central Bank, foreign trade, balance of payments and public finances.

B. Banks

There are a number of local and foreign banks in the U.A.E. Of the some 50 banks in the U.A.E., approximately one-third are incorporated in the U.A.E. and the remaining two-thirds outside the U.A.E. There are several Islamic banks. Also, a number of foreign banks have established representative offices in the U.A.E.

Subject to compliance with recent money laundering regulations, it is fairly easy to open and operate a bank account. If an individual wants to open a current account, he needs to have a residence visa. Checkbooks are not issued to non-resident individuals or corporate entities outside the U.A.E., who are not allowed to open current accounts. This restriction does not apply to non-resident banks and financial institutions.

C. Stock Exchange

The trading of financial securities is governed by Federal Law No. 4 of 2000 and regulations promulgated thereunder. The primary regulatory body in the U.A.E. is the Emirates Securities and Commodities Authority (“ESCA”). Exchanges were established in Abu Dhabi in 2000 (the Abu Dhabi Securities Exchange or ADX) and in Dubai in 2002 (the Dubai Financial Market or DFM).

Currently, the ADX lists:

- 76 listed companies
- 2 debt instruments
- 10 mutual funds

while the DFM lists:

- 64 companies
- 5 government bonds
- 2 commercial bonds
- 4 sukuks
- 15 mutual funds

A separate exchange, Nasdaq Dubai, operates in the DIFC. When it began operating in 2005, it listed an index linked equity product. Many other types of securities have been added since then, including a number of Islamic bonds known as sukuks.

Currently, Nasdaq Dubai lists:

- 8 companies (including Global Depositary Receipts for one company)
- 18 fixed income securities
- 2 mutual funds
- 49 sukuks.

V. Exchange Controls

A. Investment

For a foreign party to establish a business presence in the U.A.E., it would have to either set up a branch or incorporate a company. Generally speaking, three types of branches are available outside the free zones to foreign companies/firms: (i) a branch that can carry out commercial activities (commonly referred to as a branch office), (ii) a branch that can carry out professional/consultancy activities (commonly referred to as a consultancy office) and (iii) a branch that can act only as a liaison office (commonly referred to as a representative office). While a branch is required to have a sponsor who is a U.A.E. national or a company wholly owned by U.A.E. nationals, such a sponsor does not hold an equity interest in the branch. The incorporation of a company outside a free zone requires local participation.

B. Foreign Exchange

There are no currency exchange controls and no restrictions on the remittance of funds except for restrictions on transactions involving Israeli parties or currency. However, federal law requires that any person who enters or leaves the country with currency or other bearer negotiable instruments make a declaration to that effect in accordance with guidance issued by the UAE Central Bank.

VI. Import & Export Regulations

A. Customs

The U.A.E. is a member of the World Trade Organization and is party to various bilateral and multilateral free trade agreements. The Federal Customs Authority was established through Federal Law No. 1 of 2003. There is a customs union among the countries of the GCC. All countries within the GCC have adopted the Common Customs Law of the GCC states, which has had the effect of unifying all customs procedures in these countries. In general, there is a common external customs tariff for products imported from outside of the GCC customs union, and there is free movement of goods among the GCC states without customs restrictions or duties.

The stages of customs clearance are outlined in the Common Customs Law of the GCC States. The first stage is the declaration by the importer. The second stage is the examination of the goods by a customs officer. The third stage is the determination by a valuation committee if there is a dispute as to the true value of the goods between the customs office and the importer. The fourth stage is the payment of the relevant customs duty and the release of the goods.

B. Export Regulations

There are no local export restrictions and no local export duties. However, the authorities do from time to time impose restrictions on the export or import on items of strategic importance or value.

C. Import Regulations

Under the U.A.E. customs regulations (Customs Notice No. 9 of 2002), an import duty of 5% is payable on products imported into the U.A.E. outside the free zones unless:

- i. the good is entering the country for:
 - (a) Diplomatic and Consular missions
 - (b) Military and internal security forces
 - (c) Personal effects and used household items, accompanied passenger baggage and gifts
 - (d) Charitable societies requirements
 - (e) or as returned goods
- ii. the particular item is in the list of goods that are exempted under the regulations; or
- iii. the particular item is an industrial input required directly for manufacturing

process, imported by the industrial firms and approved by the concerned authority, and its exemption is agreed to by the GCC Financial and Economic Cooperation Committee.

Duties in excess of the standard 5% duty are imposed on tobacco and alcohol.

An import license is not required.

D. Manufacturing Requirements

To benefit from reduced customs duties available when exporting to other GCC countries, a manufacturer will have to prove that at least 40% of the value was added in the GCC and that the facility is at least 51% owned by GCC nationals.

VII. Structures for Doing Business

This section specifically focuses on the types of companies in which foreign equity participation is permitted under Federal Law No. 2 of 2015 (the “Companies Law”) and compares and contrasts the material provisions applicable to such companies.

A branch established by a foreign entity under the Companies Law is not considered a separate company but rather a part of the foreign entity. Thus, the foreign entity is considered to be directly doing business in the U.A.E. and has unlimited liability for the operations of the branch.

A. Participation

The Companies Law recognises seven types of companies for formation under its provisions and permits foreign equity participation in all but one (the general partnership). The companies in which foreign equity participation is permitted are as follows: the public and private joint stock company (“JSC”, which herein refers to both the public and private variety unless otherwise indicated), the limited liability company (“LLC”), the limited partnership company (“LPC”).and the joint venture company (also known as a contractual venture or consortium company) (“JVC”). Of these, the LLC has been the vehicle of choice for foreign companies forming companies under the Companies Law.

Such company forms will be familiar to civil law lawyers, since the Companies Law is based on the Egyptian companies law of a few decades ago, which in turn was based on the French companies law in the earlier part of the 20th century. Despite the unfamiliar nomenclature to common law lawyers, the JSC, the LLC, the LPC, the SPC and the JVC are not dissimilar to, for example, corporations, limited liability companies and partnerships that can be formed under American law. The JSC is essentially the equivalent of a corporation. The LPC is essentially a limited partnership. The LLC is essentially the same as the limited liability company under American law, and is a cross between a general partnership and a limited partnership since all of the partners can participate in its management and yet still have limited liability. The SPC is a cross between a corporation and limited partnership since it can issue transferable stocks and bonds and has general partners with limited liability who can lose their limited liability if they participate in the management of the SPC in excess of what is permitted by the Companies Law. The JVC is like a general partnership for a limited purpose, and liability of the partners becomes similar to that in a general partnership if the existence of the JVC becomes known to third parties.

The JSC, the LLC, the LPC and the PSC are distinct legal entities. They can enter into

contracts in their own names, hold title to assets, sue and be sued, etc.

The Companies Law does not limit the lawful activities in which the JSC, the SPC, the LPC and the JVC may engage. However, it provides that the LLC may conduct/engage in any lawful activity except insurance, banking and investment of money for others.

Each of the JSC, the LLC, the LPC and the SPC must be registered and licensed with the U.A.E. Federal Ministry of Economy (the “ME”) and with the appropriate authority in the Emirate in which its office will be located (the “Emirate Authority”).

Some restrictions applicable to these companies include that their principal offices must be in the U.A.E., they must have at least two shareholders/partners at all times and U.A.E. nationals must own at least 51% of their equity. The effect of such restrictions is to, among other things, limit the transferability of interests and prevent the formation of holding company structures under the Companies Law consisting of wholly owned subsidiaries.

The government generally does not seek to participate in the ownership or operation of companies except in industries or activities considered to be in the national interest such as certain aspects of telecommunications and petroleum.

B. Joint Venture Company

Under U.A.E. law, a JVC is an association between two or more partners to share profit or loss of a commercial business carried out in the private name of one of the partners. The association is restricted to the relationship between the partners. A joint venture agreement regulates the entitlements and obligations of the partners. Such an agreement does not have to be registered or licensed with any authority or even be proclaimed publicly. However, at least one of the partners therein must be licensed in the U.A.E.

The JVC is not recognised as a distinct legal entity. It is merely a contractual relationship between two or more partners, with its business being conducted under the name of one of the partners. The Companies Law provides no clear guidance on the extent, if any, to which the JVC may contract with third parties, hold assets, etc. The JVC can be deemed a "de facto" company if its existence becomes known to third parties, at least for the purpose of liability of the partners.

There are no requirements as to capital or participation by U.A.E. nationals in a JVC.

Management and Governance

Decisions in the JVC must be made by unanimous agreement of the partners unless the joint venture agreement provides that decisions will be made by majority vote (whether simple or higher majority). Decisions to amend the joint venture agreement must be made by unanimous agreement of the partners.

General Assembly Requirements

There are no general assembly requirements for a JVC. Any meetings of partners for the purposes of making decisions on behalf of the JVC will be done as per the joint venture agreement.

Shares

The JVC may not issue transferable shares or bonds or resort to public subscription. The Companies Law does not otherwise address the issue of transferability of interest in the JVC.

Profit and Loss

The profit and loss would be distributed among the partners as per the joint venture agreement.

Liability

A partner of the JVC has unlimited liability, but only with respect to third parties with which the partner has dealt, unless the JVC becomes known to third parties, in which event the partner will have unlimited liability also with respect to third parties with which the other partners of the JVC have dealt.

C. Limited Liability Company

As previously mentioned, the preferred vehicle for foreign equity investments in the U.A.E. is the LLC due to (among other factors) the LLC's flexible management structure, the availability of minority shareholder protections and the ease of formation. Although LLC's are subject to the Companies Law, the ME does not have a substantive role in the licensing of LLC's as such licensing is primarily handled by the Emirate Authority. A separate consent from the Federal Ministry of Finance and Industry may be required for LLC's engaging in industrial activities.

The LLC has limited liability and must generally have no fewer than two and no more than seventy-five partners. The only exception to this is where an LLC is wholly owned by a U.A.E. citizen (or a corporate vehicle wholly owned by a U.A.E. citizen). In such cases, the Companies Law permits the formation of an LLC owned by a single shareholder. There are no minimum share capital requires specified by law. However, the Emirate Authority may in practice apply minimum share capital requirements for certain types of activities (for example, for industrial or financial activities).

Management and Governance

The LLC must be managed by one or more managers. A manager may be appointed in a separate contract or by the general assembly of the partners, either for a specified or unspecified period of time. A manager may be one of the partners or any other person.

If the LLC has multiple managers, their meetings are to be governed by the Contract (the term used in the Companies Law for the LLC's Memorandum of Association). Subject to the provisions of the Contract, the managers have full power to manage the company and to make binding decisions on its behalf.

Removal of a manager named in the Contract requires approval of the same three quarters majority of shares required to amend the Contract, unless the Contract itself provides otherwise. If the Contract does not provide for removal of a manager, he may nevertheless be removed by the unanimous agreement of all the partners or by court order.

If the number of partners of the LLC exceeds seven, the Contract must provide for formation of a supervisory board of at least three partners serving for a specified period of time. Members of the supervisory board may be reappointed by assembly for reasonable cause. The managers do not have a vote in the election or removal of members of the supervisory board. The supervisory board may examine the LLC's books and documents, take an inventory of its treasury and assets and demand that the managers submit reports on their management. The supervisory board also supervises the budget, the annual report and the distribution of profits and submits its reports to the general assembly of partners.

General Assembly Requirements

In the LLC, the managers must convene a general assembly composed of all partners at least once a year within four months following the end of the financial year, or at any other time demanded by the supervisory board or by a number of partners owning no less than one quarter of the capital.

In the LLC, the invitation to attend the general assembly of the partners must be sent to each partner by registered mail (or by any other means agreed in the LLC's Contract) and must contain the agenda and the time and place of the meeting.

In the LLC, each partner of the LLC is entitled to attend the general assembly either personally or by proxy. The Companies Law contains no specific quorum provision, but instead requires that all motions be carried out by a vote of partners owning at least one-half of the company's capital.

In the LLC, resolutions of the general assembly must be adopted by partners representing at least one-half of the capital, unless the Contract provides for a larger majority.

Shares

The LLC may not issue transferable shares or bonds or resort to public subscriptions. A partner may dispose of his shares to another partner or to a third party pursuant to

an official document and in accordance with the LLC's Contract, but such transfer cannot lead to a reduction in the national partner's shares below 51% or to the existence of more than 50 partners. A partner who desires to transfer his shares to a non-partner must first inform the other partners of the terms of the proposed transfer, who are given by the Companies Law a right of first refusal. If the other partners do not exercise their right to purchase the shares at the agreed price within 30 days, the shares in question may theoretically be transferred.

Profit and Loss

In the LLC, profits and losses are equally distributed among the shares, unless otherwise provided in the Contract. The managers are responsible for preparing the annual balance sheet, profit and loss account and a report on the company's activity, financial position and suggested distribution of profits within three months of the end of the financial year. Ten days after certification of the balance sheet and profit and loss account, the managers are required to deposit the same with the ME. The company must set aside 10% of its net profit for the formation of this reserve when it reaches one-half of the capital.

Liability

The partners of LLC enjoy limited liability. Each of the partners is only liable to the extent of his share in the capital.

The managers of the LLC are liable to the company, the shareholders and third parties for all acts of fraud or abuse of power, for all violations of the Companies Law or any of its executive regulations and for errors in management. Any provisions to the contrary are considered void.

Registration/Incorporation

Incorporation comprises of a two stage process. Below is a list of documents that need to be submitted to Emirate Authority in order to incorporate a LLC:

First: Documents required for Initial Approval

- Registration and licensing application, as well as proof of a reserved trade name.
- Photocopy of applicant's passport (together with residence permit/visa details).
- No-objection letter from the applicant's current sponsor (if any).
- Photocopy of the manager's passport, and no-objection letter from the manager's current sponsor.
- Approval(s) issued by other Government authorities according to the type of activity.
- If a partner is a foreign entity, a resolution of its Board of Directors to form the

new LLC must be submitted, attested by the U.A.E. embassy or consulate or by a GCC state embassy or consulate and the U.A.E. Ministry of Foreign Affairs, and duly translated into Arabic.

Second: Documents required after getting the Initial Approval

- Initial Approval receipt
- All documents submitted before in order to get the Initial Approval.
- Photocopy of office lease including the plot number.
- Original Contract of the LLC, duly authenticated by the Notary Public.
- If a partner is a foreign corporate entity, its Memorandum of Association and Commercial Register Certificate must be attested by the U.A.E. embassy or consulate or by a GCC state embassy or consulate and the U.A.E. Ministry of Foreign Affairs, and duly translated into Arabic.

D. Private and Public Joint Stock Company

The public JSC must have at least 5 founders unless a government entity is involved, in which case the founders can be fewer in number. The private JSC must have at least two founders and may have a maximum of two hundred shareholders. The minimum issued and paid up share capital capital of a public JSC is Dh thirty (30) million and for a private JSC is five (5) million.

Management and Governance

The management and governance of the JSC lies in its board of directors, which must be comprised of a minimum of three and a maximum of eleven members. The directors are elected by the ordinary general assembly of shareholders through secret ballot, although the initial directors may be appointed by the founders in the Regulation (the term used by the Companies Law for the Articles of Association). Each director serves for a term of not more than three years. The chairman, the vice-chairman and a majority of the board must be U.A.E. nationals. No one may serve as director of more than five U.A.E. shareholding companies, as chairman or vice-chairman of the boards of directors of more than two such companies or as managing director of more than one such company.

The board of directors of the JSC is granted broad powers to act in pursuit of the company's objectives other than those reserved by the Companies Law or the Contract to the general assembly of shareholders. The chairman of the board is the JSC's chief executive and his signature is deemed to be that of the board. He may delegate some, but not all, of his authority.

The general assembly of shareholders may dismiss any and all directors, even if the Regulation provides otherwise, and also may elect new directors to replace those

dismissed. The ME and the Emirate Authority must be notified of any such changes. Subject to the provisions of the Regulation, if a vacancy otherwise arises on the board of directors, the board may appoint the new member after obtaining the approval of the general assembly of shareholders.

A majority of directors constitutes a quorum for board meetings, and resolutions must be passed by a majority of directors present and represented. In cases of a tie, the side that has the vote of the Chairman or his representative prevails. Proxy voting is permitted, but voting by mail is not. Minutes of board meetings must be entered in a special record maintained by the JSC.

General Assembly Requirements

In the JSC the board of directors must invite the ordinary general assembly of shareholders/partners to meet at least once a year within the four months following the end of the financial year, or at any other time that that board of directors finds cause or is asked to do so by the auditor of the company. A request that the general assembly be convened may be made by the ME under certain circumstances or for "serious reasons" by one or more shareholders owning a minimum of 20% of the capital, unless the Articles of Association provide for a lower threshold.

In the JSC, an invitation must be sent by registered mail to each shareholder to attend general assembly of shareholders and must contain the agenda relating to discussion of any proposals to release the liability of, or file a claim for liability against, the directors or auditors. Furthermore, copies of the invitation papers must be sent to the ME and the Emirate Authority and the invitation must be published in two local daily Arabic newspapers. The ME and the Emirate Authority may each send one or more delegates to attend the assembly as observers.

In the JSC, a general assembly of shareholders is not validly convened unless attended by shareholders representing at least one-half of the company's capital. Special written proxies are permitted, but no proxy may hold more than 5% of the company's capital.

In the JSC, resolutions must be adopted by an absolute majority of the shares represented at the meeting of the general assembly.

Shares

The Companies Law does not recognise the concept of preferred stock or shares.

In the public JSC, the initial shares of stock are offered in a public offering, but the founders must subscribe for not less 30% or more than 70% of such shares. The prospectus must be published in two local daily newspapers (at least one of them in Arabic) at least five business days prior to commencement of the subscription. Other than with respect to the initial offering, shareholders have preemptive rights on all

new issuances of shares of stock, which must be offered first to the shareholders, who can participate pro rata according to their then current ownership, before they can be offered to the public. All shares of stock are transferable and have "dividend vouchers" which may be transferred together with or separate from the shares. Transfer of such shares of stock may be restricted by the Contract and no transfer can lead to a reduction in the U.A.E. national shareholders' shares below 51%. However, transfer of the dividend vouchers may not be restricted and any condition restricting the transferability thereof will be deemed void. Provided that it has been in existence for at least two financial years, a public JSC may purchase not more than ten per cent of its share capital and hold such shares for re-sale with the approval of the authorities. Except in the above instance, a public JSC may not purchase its own shares of stock except to reduce the capital or retire shares, and shares held by the company are not entitled to vote in the general assembly of shareholders and may not be mortgaged.

The public JSC may borrow by issuing transferable bonds of equal value. Generally, the public JSC may not issue bonds prior to receipt of full payment of the capital from the shareholders and publication of the budget and the profit and loss account for at least one financial year. The value of the bonds cannot, as a rule, exceed the existing capital in accordance with the last certified budget. The ME and the Emirate Authority must be notified of the bond issue.

Except for the provisions regarding public subscription, the provisions that apply to the shares of stock and bonds of the public JSC apply to those of the private JSC.

Profit and Loss

Each financial year, at least one month before the general assembly meets, the board of directors of the JSC is required to prepare a budget, the profit and loss account and a report on the company's activities during the past financial year, its financial position during the present year and the proposed manner for distribution of net profits. Profits must be distributed in accordance with certain statutory requirements. For example, 10% of the company's net profit must be set aside annually to form the legal reserve, except when the Regulation sets a higher percentage. The general assembly may suspend such deductions when the legal reserve amounts to one-half of the paid capital.

Liability

The shareholders of JSC enjoy limited liability.

The chairman and members of the board of directors of the JSC are liable to the company, the shareholders and third parties for all acts of fraud or abuse of power, for all violations of the Companies Law or any of its executive regulations and for errors in management. Any provisions to the contrary are considered void.

Registration/Incorporation

Incorporation comprises of a two stage process. Below is a list of documents that need to be submitted to the Emirate Authority in order to incorporate a JSC:

First: Documents required for Initial Approval

- Registration and licensing application, as well as proof of reserved trade name.
- Four copies of the Company's Contract and Regulation duly authenticated by the Notary Public.
- Two copies of the Project's feasibility study.
- Approval issued by other Government authorities according to the type of activity.
- For a private JSC, the ME resolution approving incorporation.
- For a public JSC, approval of ESCA for the public offering of shares.

Second: Documents required after getting the Initial Approval

- Initial Approval receipt
- All documents submitted before in order to get the Initial Approval.
- Photocopy of office lease including the plot number.
- List of Directors' names, dates and places of birth, occupation, and a sample of the Directors signature.
- A written declaration by each member of the Board of Directors of accepting the appointment.

E. Limited Partnership Company

The LPC must have at least two partners.

Management and Governance

All general partners of the LPC must be U.A.E. nationals. If there are multiple managers and each is allocated duties, each manager is responsible only for his area of responsibility. If there are multiple managers and the Contract stipulates that they are to act collectively, they must act by at least the majority vote provided for in the Contract, but, notwithstanding the foregoing, a manager can act individually in an emergency. If, however, there are multiple managers and the Contract does not assign them duties and does not stipulate as to how they vote, a manager can carry out any management act individually, but the other managers can object thereto before commission of the act by majority vote (in the event of a tie, the matter is to be submitted to a vote of the partners). If a manager is appointed in the Contract, he may not be removed except by unanimous consent of the partners.

A limited partner cannot participate in the management of the LPC, but has certain rights to inspect the books and records of the LPC and may, subject to the consent of

all of the general partners, lend funds to the LPC and enter into transactions with the LPC. A general partner that exceeds the above restrictions will lose his limited liability.

General Assembly Requirements

The Companies Law does not contain specific provisions on meetings of the partners of the LPC, but indicates that decisions of the partners must be unanimous unless the Contract provides for a simple or higher majority (except that decisions related amendments to the Contract must be unanimous in any case).

Profit and Loss

In the LPC, the profits and losses are distributed as provided in the Contract. Any reduction in capital due to losses is restored from the profits of subsequent years unless otherwise agreed (but a partner cannot be obliged to restore a reduction in his share in the company's capital except with his consent).

Liability

The general partners of the LPC have unlimited liability. However, the limited partners of the LPC enjoy limited liability.

The managers of the LPC are liable for harm suffered by the company, the partners of third parties due to their violation of the Contract or "error in performance."

F. Sole Proprietorships

A non-national of the U.A.E. can obtain a business license to operate as a sole proprietorship. In order to do so, the business must register with the Emirate Authority, appoint a U.A.E. national as a local service agent and obtain the required approvals for the desired business activity.

The following are the documents that need to be submitted to the Emirate Authority in support of an application for a license as a sole proprietorship:

First: Documents required for Initial Approval

- Registration and licensing application, as well as proof of reserved commercial name.
- Photocopy of applicant's passport (together with residence permit/visa details).
- No-objection letter from the applicant's current sponsor.
- Photocopy of the director's passport, and no-objection letter from the manager's current sponsor.
- Approval issued by other government authorities according to the type of activity.

Second: Documents required after getting the Initial Approval

- Initial Approval receipt.
- All documents submitted before in order to get the Initial Approval.
- Photocopy of office lease including the plot number.
- Appointment contract of Local Services Agent duly authenticated by the Notary Public.

The sole proprietor is responsible for all obligations of the sole proprietorship, and does not enjoy limitation of liability.

G. Branches

Foreign companies are permitted to establish wholly owned branches in the U.A.E. Branches generally are not permitted either to import goods for resale in the U.A.E. or to perform domestic trading activities, manufacturing or other activities which are reserved for U.A.E. citizens or locally-incorporated companies. Many foreign companies have established representative offices. These offices are branches which do not perform commercial activities, but which serve as regional administrative centres and/or provide marketing or other support.

A branch license permits the holder to open and operate bank accounts, to lease office and residential premises, to sponsor residence visas and labour permits for expatriate employees and (if it is a branch office or consultancy office) to take other actions within the scope of the licensed objectives.

Establishing a branch entails, among other things, appointing a U.A.E. national or a company wholly owned by U.A.E. nationals to act as its sponsor. A sponsor has no equity or management interest in the branch and does not bear any of its liabilities. His compensation is an annual fee stipulated in the sponsorship agreement.

The application to open a branch proceeds in two stages. The following are the documents that need to be submitted to the Emirate Authority to support an application for a branch:

First: Documents required for Initial Approval

- Registration and licensing application, as well as proof of reserved commercial name.
- Photocopy of the manager's passport, and no-objection letter from the manager's current sponsor.
- Photocopy of the national agent's passport and U.A.E. civil register extract.
- Approval from the ME (commercial activities only).
- Company's Board of Directors' Resolution authorizing opening of the branch, duly translated into Arabic.
- Power of attorney issued in favor of the manager.

- Company's Memorandum of Association.
- Photocopy of the company's Certificate of Incorporation duly translated into Arabic.
- Approval issued by other government authorities according to the type of activity.

Second: Documents required after issue of Initial Approval

- Initial Approval receipt.
- All documents submitted before in order to get the Initial Approval.
- Photocopy of office lease including the plot number.
- The original appointment contract of national agent duly authenticated by the Notary Public (not required of engineering consultancy companies in some Emirates).

H. Indirect Presence: Agencies, Distributorships and Franchises

Many foreign companies offer their goods and services to consumers in the U.A.E. through local agents and distributors. U.A.E. Federal Law No. 18 of 1981 Concerning Commercial Agencies, as amended (the "Commercial Agencies Law"), governs the relationship between foreign principals and local agents and distributors. It offers significant protections to the local party if the agency/distributorship is registered with the ME. In order to register the agency/distributorship, the agent/distributor must be a U.A.E. national or a company wholly-owned by U.A.E. nationals. The statutory protections to the local party flowing from registration include, among other things, exclusivity, restrictions on the foreign party's right to terminate or withhold renewal of the relationship, and the right to receive compensation on termination or non-renewal of the relationship. Although there are a number of disadvantages to registration of an agency/distributorship from the foreign party's perspective, certain governmental departments may insist on dealing only with registered agents/distributors.

Franchising is an increasingly popular business structure in the U.A.E. Many major fast-food chains have entered the U.A.E. market through franchise relationships. In addition, a number of internationally known retailers have adopted the franchise model for their U.A.E. outlets. Some U.A.E. authorities have taken the position that the Commercial Agencies Law applies to franchise relationships.

VIII. Requirements for the Establishment of a Business

A. Alien Business Law

Any business in the U.A.E., regardless of nationality of ownership, must hold a proper license issued by the concerned authorities. Such licenses generally require annual renewal. Requirements regarding record-keeping and financial information apply in addition to the license requirement. The principal differences between U.A.E. and non-U.A.E. businesses are that the licensing restrictions that are imposed on U.A.E. businesses are less burdensome and that some kinds of activities are restricted to businesses that are wholly or majority U.A.E. owned.

In addition, and as noted below, non-U.A.E. national employees require residence visas and labour permits, while no such requirement is imposed on U.A.E. national employees.

B. Antitrust Laws

The U.A.E. only recently enacted UAE Federal Law No. 4 of 2012 (the “Competition Law”) which deals with issues of monopoly, unfair competition and unfair trade practices. The Competition Law was issued on 10 October 2012, and came into effect 4 months from the date of its publication.

The Competition Law (i) prohibits agreements which restrict competition, (ii) seeks to limit practices which constitute abuse of dominant market position, and (iii) requires mergers to be filed with, and approved by, the competition authority.

The Competition Law was recently supplemented by Cabinet Resolution No. 37 of 2014 (the “Implementing Regulations”). The Competition Law is administered by a committee operating under the UAE Federal Ministry of Economy.

The Competition Law has fairly limited application given the considerable exceptions to the law. The Competition Law excludes state owned entities (although it does not specify the extent of state ownership necessary), small and medium enterprises, and certain key sectors of the U.A.E. economy (telecommunications, financial services, cultural activities, pharmaceutical, utilities, waste disposal, transportation, oil and gas and postal services). The Competition Law also exempts restrictive trade agreements registered under the U.A.E.’s Commercial Agency Law (Federal Law No. 18 of 1981).

Notwithstanding the issuance of the Implementing Regulations and the formation of the competition committee, enforcement of the Competition Law appears to be reactive rather than proactive. Though the competition committee will receive and

review applications for clearance of mergers and acquisitions and will review complaints in relation to anti-competitive practices, it does not appear to have begun actively investigating competition issues on its own initiative. It therefore remains to be seen if it will constitute an important compliance requirement for businesses in the U.A.E. in the future.

C. Environmental Regulations

Documentation of compliance with the environmental law of the U.A.E. (discussed above) is often required as part of the licensing process for a new business, particularly a business engaged in industrial activity. Environmental compliance is required most strictly in the emirates of Abu Dhabi, and in the Jebel Ali Free Trade Zone in Dubai.

D. Government Approvals

All businesses require licenses, and such licenses are issued by governmental licensing authorities. The initial approvals are required from the Emirate Authority in the Emirate where the business will be operating. Many activities also require approvals from the U.A.E. federal government, including the following:

- Banks and financial institutions must be approved by the Central Bank of the U.A.E.;
- Insurance companies must be approved by the Insurance Authority;
- Manufacturing entities must be approved by the Ministry of Economy;
- Companies in the healthcare sector must be approved by the Ministry of Health.

The period of time required to obtain an approval varies considerably. Some approvals can be obtained in a few weeks or months, while others may take many months.

E. Insurance

Health insurance is now mandatory for all employees working in Dubai. This is not the uniform position outside the Dubai. Employers in Abu Dhabi are required to obtain major medical coverage for their employees. A financial guarantee is generally required before a labour permit can be obtained for a foreign employee. Businesses in the Jebel Ali Free Trade Zone in Dubai are required to obtain Workmen's Compensation coverage and (for some activities) Professional Indemnity or Contractor's All-Risk coverage. Many businesses are subject to separate requirements to arrange for financial guarantees, especially in the construction sector. Such insurance coverage and financial guarantees must be provided by insurers or banks licensed to operate in the U.A.E.

F. Licenses/Permits

As noted above, a license is requiring for the conduct of any commercial, industrial or professional activity.

IX. Operation of the Business

A. Advertising

Advertising is primarily subject to regulation at the Emirate level. All outdoor advertising requires approvals from the concerned authorities in the Emirates in which the advertising appears. Print advertising is subject to the same regulations that apply generally to the printed media, and broadcast advertising is subject to the same regulations that apply to broadcasting; these print and broadcast regulations have both Federal and Emirate components.

B. Attorneys

There is no legal requirement for companies to appoint local counsel. Attorneys can be located via the local Yellow Pages, international directories, and the attorneys' own web sites. Many foreign embassies and consulates in the U.A.E. maintain lists of approved counsel.

Corporate firms generally charge on the basis of hourly rates, at levels comparable to rates by major firms in large commercial centres such as New York. Litigation firms generally charge lump-sum fees based on the amount in controversy. Contingent fees are prohibited.

C. Bookkeeping Requirements

The LLC and the LPC are required to keep records of the names, nationalities and domiciles of the partners or shareholders and the share values (or, in the case of the LPC, the nature and value of any assets contributed by each partner and the date of such contribution). In the JSC such information is entered in a "shares register" and in the LLC such records are kept at the company's headquarters. In addition, the JSC must maintain records of the names, capacities and nationalities of the members of its board of directors. Both the JSC and the LLC must submit the above information annually to the ME and the concerned authorities in the relevant Emirate, which also must be notified of any changes. Furthermore, the JSC and the LLC are required to maintain financial records which must be audited by a licensed auditor and submitted annually to the ME.

D. Business Ethics/Codes

The Dubai Department of Economic Development has issued guidelines/directives for businesses.

E. Consumer Protection Laws

The main consumer protection law in the U.A.E. is Federal Law No. 24 of 2006 for Consumer Protection. There is a separate Consumer Protection Division within the Dubai Department of Economic Development, which implements and enforces the consumer protection laws. Cabinet Resolution No. 2 of 2007 formed a Higher Committee for Consumer Protection.

F. Construction

Construction matters are regulated at the Emirate level. There are extensive regulations dealing with the licensing of construction companies that vary from Emirate to Emirate, with the rules in Dubai being particularly onerous. Architects and construction engineers are generally regulated under separate sets of rules. Separate construction regulations apply in the free zones. There is considerable variation in the forms of construction contracts used by project owners, although variations of FIDIC contracts are most commonly encountered. As a general rule, only a licensed contractor can carry out the construction of a building, and each construction project requires a specific building permit.

G. Contracts

There is general freedom to enter into contracts in the U.A.E. Choice of law provisions are permissible, but the content of foreign law must be proved as an issue of fact before the U.A.E. courts, which are generally inclined to apply local law unless the context of foreign law can be persuasively demonstrated.

H. Price Controls

Price controls remain the exception rather than the rule. In some Emirates, controls are placed on rents and rent increases for real estate. The price of fuel for motor vehicles is also controlled.

I. Product Registration

Product registration is not generally required. However, there is a General Sale List of products which need to be registered with the Ministry of Health, which includes dietary supplements, medicated cosmetics, antiseptics and disinfectants, and miscellaneous products that contain pharmaceutical ingredients but are not classified as medicines.

J. Reductions or Return on Capital

Capital can be repatriated while a particular entity is still operating, as long as the

remaining capital is not less than the minimum required for that type of entity.

K. Sale of Goods

There are generally no restrictions on the sale of goods.

L. Trade Associations

There are several trade associations for commercial, industrial and professional activities. The joining fees differ for each association. For most businesses, membership in the local Chamber of Commerce and Industry is compulsory.

X. Cessation or Termination of a Business

A. Dissolution and Liquidation

Each of the JSC, the LLC, and the JVC must be dissolved in the event of expiration of the company's term without renewal, completion of the company's purpose, adoption of a resolution to dissolve by the extraordinary general assembly or merger, and, for the JSC, this must be expressly stated in the JSC's Regulation.

If the losses of the JSC or the LLC amount to one-half of the capital, the general assembly or the extraordinary general assembly, respectively, must vote on dissolution. Dissolution of the LLC requires the approval of partners representing three quarters of the capital, while dissolution of the JSC requires the approval of three quarters of the shares represented at the extraordinary general assembly of shareholders. If the LLC's losses amount to three quarters of the capital, partners owning one quarter of the capital may demand dissolution. The LLC cannot be dissolved by the withdrawal or death of, or by adjudication of distraint, bankruptcy or insolvency against, one of the partners unless the Contract provides otherwise.

The LPC and the JVC must be dissolved upon the withdrawal of a partner if there are only two partners, except that a court may order a partner to continue in the company if the withdrawal is in bad faith or at an inappropriate time. A court may order the dissolution of the LPC and the JVC at the request of a partner if there are serious grounds justifying dissolution. Furthermore, the LPC and the JVC must be dissolved upon the death of, or by adjudication of distraint, bankruptcy or insolvency against, a partner unless, with respect to death, the Contract provides it is to be continued with the heirs of the deceased partner.

For each of the JSC, the LLC, and the LPC the dissolution must be made public by entry in the commercial register at the MEC and by publication in two local Arabic daily newspapers.

B. Insolvency/Bankruptcy

U.A.E. Federal Law No. 18 of 1993 (the "Commercial Code") contains the bankruptcy law. Upon declaration of a debtor as bankrupt and appointment of a trustee in bankruptcy, notice is given to all creditors to register their claims.

Local creditors are required to register their claims within 10 days of publication and creditors resident outside the U.A.E. are required to register their claims within one month. The trustee in bankruptcy would verify the documents submitted by the

creditors and prepare a schedule of debts and lodge the same with the court. A copy of the schedule along with a statement of the amounts that the trustee intends to accept as debt owed will be sent to every creditor and the bankrupt. The creditors may file objection to the amounts contained in the schedules.

The judge supervising the bankrupt's estate will decide on these objections and prepare a final schedule of debts with the amounts that have been accepted. The judge supervising the bankrupt's estate will designate the manner in which the assets are to be sold. The sale proceeds will be deposited with the court cashier or in a bank account designated by the judge supervising the bankrupt's estate. Fees and expenses incurred towards administration of the bankrupt's estate will be deducted from the sale proceeds. Thereafter, the amounts due to preferred creditors will be paid and the remainder will be distributed to the unsecured creditors in proportion to debts due to them.

XI. Labour Legislation, Regulation and Supply

A. Employer/Employee Relations

Employment relationships in the U.A.E. are governed by U.A.E. Federal Law No. 8 of 1980 on Labour and Employees, as amended (the “Labour Law”), together with regulations promulgated pursuant to the Labour Law.

- The Labour Law applies to all employees working in the U.A.E., whether national or non-national, with the exception of the following categories:
- Officials and staff employed by the federal government, government departments of the member Emirates, municipalities, public bodies, federal and local public institutions, and those working in federal and local governmental projects;
- Members of the armed forces, police and security units;
- Domestic servants; and
- Agricultural workers and persons engaged in animal husbandry (other than persons employed in corporations processing agricultural products or permanently engaged in the operation or repair of machines required for agriculture).

Trade unions and collective bargaining are not permitted, and employee grievances are handled through a conciliation process administered by the Ministry of Labour (the “MOL”).

B. Employment Regulations

The maximum working hours are eight hours per day and 48 hours per week. Some employers may require their employees to work for up to nine hours per day; these employers, specified in an order of the Minister of Labour, include retail shops, hotels, restaurants, and employers of security guards. By order, the Minister may also reduce work hours in the case of difficult or unhealthy work environments. Ministerial Resolution No. 335 of 2008 sets forth a general requirement that employees who work outdoors under the sun must be permitted to rest in the shade between 12:30 p.m. and 3:30 p.m. during the summer months.

During Ramadan, working hours are reduced by two hours per day.

The daily work hours must be organised in such a manner that no employee is required to work for more than five consecutive hours without a break, which, in the aggregate, may not be less than one hour. Breaks are not counted as work hours.

Overtime compensation must be paid for work in excess of the maximum daily or weekly working hours noted above, and for work on Friday, although management and supervisory personnel are not eligible for such overtime compensation.

According to Article 74 of the Labour Law, following are paid statutory public holidays:

Hijra New Year's Day	1 day
Gregorian New Year's Day	1 day
Eid Al-Fitr	2 days
Eid Al Adha	3 days
Birthday of the Prophet Muhammad	1 day
Al-Isra Wal-Miraj	1 day
U.A.E. National Day	1 day

According to Article 81 of the Labour Law, statutory holidays are additional to an employee's annual leave entitlement. In the event that an employee is required to work during a statutory holiday, the employer must provide the employee with compensatory leave equal to such days worked as well as an overtime supplement equal to 50% of the employee's salary for such days; if the employer does not provide the employee with compensatory leave, then the employer must pay the employee an overtime supplement equal to 150% of his or her base salary for each of the days so worked.

According to Article 75 of the Labour Law, during every year of employment, employees are entitled to a period of annual leave of not less than:

- two days per month, if the employee's period of employment is more than six month but less than one year; or
- thirty days per year, where the employee's period of employment is more than one year.

The employer may fix the dates for the employee's annual leave and such annual leave may not be divided into more than two periods. Statutory holidays or sick days falling within an annual leave constitute part of the annual leave.

Every Muslim employee must be granted, once during the course of employment with a given employer, a special unpaid leave of no more than 30 days to make the Hajj pilgrimage to Mecca.

According to Article 83(2) of the Labour Law, an employee who has completed at least three months following the probation period in the continuous service of the employer is entitled to sick leave not exceeding 90 days per year, which may be taken

consecutively or otherwise. An employee's sick leave is calculated as follows:

- the first 15 days with full salary;
- the following 30 days with half salary; and
- all subsequent days without salary.

An employer is not required to remunerate an employee on sick leave if such leave is a direct result of the employee's misconduct, including the consumption of alcohol or narcotic drugs.

A female employee is entitled to maternity leave with full salary for a period of 45 days, including the period preceding and following delivery, provided that she has been in her employer's service for a continuous period of not less than one year. If she has been employed for less than a year, she is entitled to such maternity leave with half salary.

Following her maternity leave, a female employee may be absent from work without salary for a maximum period of 100 days (consecutive or otherwise) only if such absence is due to an illness resulting from pregnancy or delivery that prevents her from resuming her work. The illness must be confirmed by a certified government physician licensed by the competent health authority.

C. Hiring and Firing Requirements

U.A.E. nationals are accorded preference in hiring. As per Article 10 of the Labour Law, employers have a general duty to employ U.A.E. nationals, and subsequently nationals of other GCC countries, in preference to expatriates.

Pursuant to Cabinet Order No. 259/1 of 2004, each employer that employs more than 50 employees must ensure that at least 2% of its employees are citizens of U.A.E. It is also required that any employer with 100 employees or more must appoint a U.A.E. or GCC national to the post of government relations officer, whose function will be to liaise with the MOL, the Department of Nationality and Immigration of the Federal Ministry of Interior (the "Immigration Department"), and other government departments.

In June 2009, the Cabinet established the Emirates Council for Emiratization. Emiratization is an attempt to enhance the percentage of U.A.E. nationals making up the U.A.E. workforce in the public and private sectors.

The rules for firing an employee depend on whether the contract is specified or unspecified in duration.

If the contract of employment is for an unspecified term, with the exception of employees who are employed on a daily basis, then either party may terminate it for a legitimate reason with 30 days' prior written notice. In the case of employees working

on a daily basis, the period of notice is calculated as follows:

1. one week, if the employee has been employed for more than six months but less than one year;
2. two weeks, if the employee has been employed for not less than one year; and
3. one month, if the employee has been employed for not less than five years.

The contract of employment remains in effect through the notice period. The employee is entitled to full salary calculated on the basis of the employee's last salary and is required to work through such period, unless the employer determines that the employee should not be required to work through the notice period.

The Labour Law provides for severance pay for employees who have completed a period of at least one year of continuous service, which is calculated as follows:

1. 21 days' salary for each year of the first five years of employment; and
2. 30 days' salary for each additional year of employment, provided that the aggregate amount thereof does not exceed two years' salary.

Salary for the purposes of calculating severance pay is the employee's base salary, and does not include overtime salary; in-kind payments; allowances, such as housing, transportation, travel, representation, currency, children's education, recreational or social allowances; or other allowances or increments.

According to Article 120 of Labour Law, an employer is entitled to terminate a contract of employment without notice or compensation in the following circumstances:

- during the employee's probation period;
- the employee assumed a false identity or nationality, or otherwise submits false certificates or documents;
- the employee has caused the employer to suffer a material loss (provided that the employer notified the MOL within 48 hours of discovering such incident);
- the employee fails to carry out instructions regarding industrial or workplace safety, provided that such instructions were in writing and posted in an accessible location or, if the employee is illiterate, he or she had been informed of them orally;
- the employee fails to perform his or her basic duties under the employment contract despite knowledge that he or she will be dismissed if such failure continues;
- the employee discloses confidential information of the employer;
- the employee is found guilty for an offense involving honor, honesty or public morals;
- the employee is found, during working hours, in a state of drunkenness or under the influence of narcotic drugs;

- the employee, during working hours, assaults his or her employer, manager or any colleagues; or
- the employee is absent from work, without valid reason, for more than 20 nonconsecutive days in one year or more than seven consecutive days.

If the employment contract is for a specified term, in the event that the employer terminates it for any reason other than those mentioned above, unless the employment contract provides otherwise, the employer is obligated to compensate the employee in the amount equal to the lesser of (1) three months' salary or (2) salary for the remaining period of the contract.

D. Labour Availability

Generally adequate skilled or unskilled labour is available for the anticipated business. Employers are permitted to hire employees from outside the U.A.E.

E. Labour Permits

An employer that wishes to employ a non-U.A.E. national employee must obtain a residence visa and a labour permit for the employee. The residence visa application is filed with the Immigration Department, and the labour permit application is filed with the MOL. The labour permit application requires that the employer and the employee sign an employment contract and file the same with the MOL. After the labour permit and residence visa have been issued, and if the employee's salary is at least Dh 4,000 (U.S. \$ 1,100) per month, the employee may apply for residence visas for his or her dependant family members (spouse, sons under age 18, unmarried daughters, and domestic servants). If such a dependant family member wishes to work in the U.A.E., then his or her employer must obtain a labour permit for the employee.

The first step in the process of obtaining a residence visa and a labour permit for an expatriate professional employee is the application for an employment visa for that employee. Once obtained, the employee enters the U.A.E. on that employment visa. The following documents must support the application for an employment visa:

- a copy of the employee's passport;
- two passport photographs of the employee;
- copies of the fully authenticated diplomas and transcripts evidencing the employee's educational qualifications;
- a copy of the employer's U.A.E. license;
- a copy of the employer's U.A.E. Chamber of Commerce Certificate;
- a fully authenticated copy of the Power of Attorney in favor of the authorised signatory for the employer;
- a copy of the authorised signatory's specimen signature;

- a copy of the authorised signatory's e-card; and
- a copy of the Firm Card from the Immigration Department.

The documents above must be submitted to the MOL together with a completed application form.

Before submitting the diplomas and transcripts of the employee in support of an employment visa application, such documents must be notarised and fully authenticated up to the level of the U.A.E. Embassy in the country of origin and subsequently by the U.A.E. Ministry of Foreign Affairs.

After an expatriate professional employee has entered the U.A.E. on an employment visa, a residence visa application must be submitted to the Immigration Department within 60 days. The documents required for applying for a residence visa are as follows:

- the documents referred to above;
- the original employment visa which was stamped by the U.A.E. officials upon entry; and
- a copy of the employee's medical certificates.

In order to obtain a medical certificate, the employee must go to an approved hospital or medical clinic in the U.A.E. and have a blood test and medical examination at the expense of the employer. The authorities screen for HIV, hepatitis B and C, tuberculosis and leprosy. The results are usually available within a few days.

Also within 60 days of the employee's arrival in the U.A.E. under an employment visa, the employer is required to complete the procedures for issuance of a labour permit. The documents required to process a labour permit are as follows:

- all of the documents referred to above; and
- three originals of the executed employment contract, stamped by the MOL.

F. Safety Standards

The Labour Law specifies provisions regarding employee safety and health care, which are stipulated under Articles 91 to 101 (inclusive). The provisions of the Labour Law require the following measures and procedures to be adhered to:

- Every employer should provide his employees with suitable means of protection against injuries, occupational diseases, fire and hazards, which may result from the use of machinery and other equipment in the workplace. The employer shall also apply all the other precautionary measures specified by the MOL. The employee, however, must use the safety equipment and clothes given to him for this purpose. He shall also follow his employer's instructions, which aim to protect him from danger.

- Every employer shall display in a permanent and prominent place at the work site detailed instructions regarding the means of preventing fire and the means of protection of employees from hazards to which they may be exposed to during work. These instructions shall be in Arabic and if necessary another language understood by the employees.
- Every employer shall make available a first aid kit or kits containing medicines, bandages and other first aid material as directed by the MOL.
- Every employer must ensure the workplace is kept clean and well ventilated. Each employee should have adequate lighting and rest rooms, and be provided with suitable drinking water.
- An employer shall assign one or more physicians to examine thoroughly those of his employees who are exposed to the possibility of contracting one of the occupational diseases listed in the schedule attached to the Labour Law. At least once every six months “at risk” employees should be examined and results recorded on their files.
- The employer shall provide its employees with the means of medical care to the standard determined by the MOL in consultation with the Ministry of Health.
- The employer or his deputy shall inform the employee of the dangers of his job and the means of protection that he must take. He shall also display detailed written safety instructions at the work premises.
- No employer, deputy, or any person with authority over employees shall bring or allow others to bring any kind of alcoholic drinks for consumption on work premises. He shall also prohibit any person to enter or remain in the establishment while intoxicated.
- Every employer employing persons in remote areas not served by public transportation shall provide them, at the cost of the employer the following services:
 - Suitable transportation
 - Suitable accommodation
 - Suitable drinking water
 - Suitable food
 - First aid services; and
 - Means for entertainment and sports activities.

In addition, contracting companies are subject to separate detailed rules imposed by the governments of the Emirates. In Dubai, the Public Safety Unit of the Environmental Protection and Safety Section in the Environment Department of Dubai Municipality provides procedures for protection and safety at building construction sites. Most of the Emirates require employers to maintain operational firefighting equipment at the workplace.

XII. Tax

Corporate income tax statutes have been enacted in each of the Emirates, but they are not implemented. Instead, corporate taxes are collected with respect to branches of foreign banks (at the Emirate level) and courier companies (at the federal level). Further, Emirate-level "taxes" are imposed on the holders of petroleum concessions at rates specifically negotiated in the relevant concession agreements. There is no personal income tax.

Dubai and certain other Emirates impose taxes on some goods and services (including, for example, sales of alcoholic beverages, hotel and restaurant bills and residential leases). However, there is no sales tax or VAT in the U.A.E. though recently there has been media speculation that the authorities are considering the imposition of such taxes.

XIII. Immigration Requirements

Visas are available for business or tourist visits, transit (which is a stay of up to 14 days) or for residence. "Mission" visas, which are visas for short term employment assignments, are also available.

A. Immigration Requirements/Formalities

Residence visas are linked to employment. In order to obtain a residence visa, a foreign national must enter into an employment contract with a party duly licensed in the U.A.E. This contract must be registered with the MOL.

B. Visas

Currently, holders of passports from a number of industrialised countries may obtain visit visas upon arrival at an airport in the U.A.E. Special visa facilities are also available for citizens and residents of GCC countries. In all other circumstances, a visa must be arranged in advance by a "sponsor" in the U.A.E.

The sponsor for a visa is not the same as a sponsor for a branch. Generally speaking, a party with a valid business license (including a foreign company branch or subsidiary) may sponsor visit and transit visas for visiting staff and business contacts. Foreign nationals residing in the U.A.E. may sponsor visit and residence visas for family members, subject to certain restrictions, which vary from time to time. Five star hotels may also act as visa sponsors and arrange visit and transit visas for their guests.

XIV. Expatriate Employees

A. Cost of Living

The U.A.E. is number 29 on 2014 worldwide list of most expensive countries to live in. The GDP per capita in the U.A.E. is estimated at \$66,300 annually. Dubai and Abu Dhabi are ranked in the top 30 most expensive cities. Dubai itself is considered the most expensive city in the world for expatriates when it comes to restaurants, dining out and hotels. Rent alone accounts for up to 50% of a person's cost of living.

However, the costs of telecommunications services and hardware are well below global averages. In addition, the general lack of taxation keeps the prices of many items below the levels seen in Europe and other parts of the world.

B. Drivers' Licenses

A valid U.A.E. driver's license is required to operate a motor vehicle in Dubai. Only an individual with a residence visa may apply for a U.A.E. driver's license. However, the holder of a visit visa who also holds a home-country driver's license can generally obtain a temporary U.A.E. driver's license valid for one month, and a visitor who rents a motor vehicle can likewise generally obtain a temporary U.A.E. driver's license.

Nationals of the U.A.E. and nationals of most foreign countries must take an eye test, a written test and a road test in order to obtain a U.A.E. driver's license. However, nationals of the following countries who hold valid driver's licenses from their home countries can obtain a U.A.E. driver's license based only on the submission of copies of their passport and home-country driving license and an eye test: Australia, Austria, Bahrain, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, South Korea, Kuwait, Netherlands, New Zealand, Norway, Oman, Poland, Qatar, Romania, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Turkey, and the United Kingdom. Citizens of the United States are also entitled to this treatment if they hold a driver's license issued by a state that extends reciprocal treatment to U.A.E. driver's licenses.

C. Education

There is a wide choice of schools in U.A.E. The government-funded schools that offer instruction in Arabic are usually attended by U.A.E. nationals and others who desire Arabic instruction. Many private sector and community schools provide instruction in English based on home country or international curricula. The top private schools have waiting lists, despite high tuition levels.

D. Housing

Housing is generally available throughout the U.A.E., with recent shortages in Abu Dhabi and Dubai having been largely addressed. Most residents rent, but a growing number of locations allow foreigners to purchase real estate.

There are various different types of accommodation, from detached and semi-detached homes of various sizes (some with gardens and pools), to town houses, to apartments. Some types of accommodation are located in compounds, but compounds are less prevalent and smaller than in neighboring countries such as Saudi Arabia. Costs vary substantially, depending not only on size and quality but also on location. Serviced apartments (also known as hotel apartments) are available and cost approximately 30 per cent more than unserviced apartments. Serviced apartments are fully furnished and services normally include cleaning and linen-changing.

E. Importing Personal Possessions

The investor can use a professional removal company to move his belongings such as furniture to U.A.E. There is no import duty on personal effects, used household items and accompanied passenger baggage.

F. Medical Care

Nationals and foreign residents have access to state medical care, but need a health card. Application forms for health cards are obtainable from clinics and from the Ministry of Health.

G. Moving Costs

The moving costs will depend on the amount of furniture and goods that are required to be moved, and the distance over which they are to be moved.

H. Tax Liability

There is generally no tax liability on an expatriate.

I. Work Contracts

A person needs to have an employment contract in order to work in the U.A.E.

J. Work Permits

A person needs a work permit in order to work in the U.A.E. Please see the section on Labour Permits, above.

Employment of a foreigner requires a U.A.E.-based employer to apply for and obtain a labour permit and a residence visa for the proposed employee. An employment contract must be signed and filed with the MOL. Following a successful application, the employee may then sponsor residence visas for his or her dependent family members, if he or she earns more than Dh 4,000 (U.S. \$ 1,100) a month. Dependents who wish to work must likewise obtain U.A.E. labour permits.

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