

Doing business in the United Arab Emirates

Bashir Ahmed and Saurbh Kothari
Afridi & Angell (Lex Mundi Member Firm)

global.practicallaw.com/9-500-8992

OVERVIEW

1. What are the key recent developments affecting doing business in your jurisdiction?

Companies Law

The UAE enacted the UAE Federal Law No. 2 of 2015 concerning commercial companies (New Companies Law). The New Companies Law came into effect on 1 July 2015 and replaced and superseded the Federal Law No. 8 of 1984 concerning commercial companies. The New Companies Law has introduced a raft of important changes to the rules for companies, especially limited liability companies (that is, the most common form of business vehicle), established in the UAE. Some important new features and changes include:

The right of a partner of a limited liability company to pledge its shares in a limited liability company.

The right of a partner of a limited liability company to grant a proxy to a third party to attend a general meeting of the shareholders (previously, a proxy could only be granted to a non-managing partner).

Rules to determine quorum at a general assembly. The old Companies Law did not contain such details.

Ability to incorporate a limited liability company with a single shareholder.

All UAE companies are required to amend their memorandum of association and (where applicable) articles of association within one year from the date of the New Companies Law's implementation (1 July 2015) to bring them in line with the New Companies Law.

Labour Regulations

The UAE Ministry of Labour issued a comprehensive set of rules applicable from 1 January 2016, which will alter the labour law landscape in the UAE. The key changes cover rules on standard form employment contracts, termination of employment, and granting of a permit to an employee for employment by a new employer in the UAE.

Anti-Discrimination Law

The UAE has passed the Federal Decree-Law No. 2 of 2015 on Combatting Discrimination and Hatred (Anti-Discrimination Law). The Anti-Discrimination Law describes discrimination as any distinction, restriction, exclusion or preference among individuals or groups based on the ground of religion, creed, doctrine, sect, caste, race, colour or ethnic origin. Any person, who commits any act of discrimination of any form by any means of expression or by any other means, shall be sentenced to imprisonment for a period not less than five years, and by a fine not less than 500,000 dirhams and not exceeding 1 million dirhams or either one of these two penalties. An employer must not discriminate between employees on the basis of ground of religion, creed, doctrine, sect, caste, race, colour or ethnic origin. An employer may be punished

for its hiring policies which are in conflict with the Anti-Discrimination Law. The Anti-Discrimination Law further penalizes individuals for insulting or showing contempt for God, to religions, prophets or messengers, holy books or places of worship, and for giving any speech or conduct which may incite sedition, prejudicial action or discrimination among individuals or groups.

Public Private Partnership Law

Dubai has passed the Dubai Law No. 22 of 2015, regulating partnerships between the public and private sectors in the emirate of Dubai (PPP Law). Currently, the government develops and self-finances the vast majority of major infrastructure projects in the UAE. The PPP Law represents an attempt by Dubai to reduce the financing needs of the government and to tap into the expertise and efficiency of the private sector in carrying out projects.

LEGAL SYSTEM

2. What is the legal system based on (for example, civil law, common law or a mixture of both)?

The United Arab Emirates (UAE) is a civil law jurisdiction. The Federal Constitution apportions powers between the federal government (based in Abu Dhabi) and the seven constituent emirates. Certain areas are regulated federally (such as immigration and labour), some at the emirate level (such as natural resources within each emirate, including petroleum), and some are regulated at both the federal and emirate levels (such as company formation and registration).

FOREIGN INVESTMENT

3. Are there any restrictions on foreign investment (including authorisations required by central or local government)?

A foreign company can establish a presence in the UAE by setting up a branch or forming a company.

A branch of a foreign company must have a sponsor (called a national agent). Branch sponsors have no ownership rights in the branch. The sponsor must be a UAE national or a company wholly owned by UAE nationals. A UAE company must be at least 51% owned by UAE nationals, with the following general exceptions:

- Certain sole proprietorships and professional partnerships can be wholly foreign-owned.
- A UAE company can be 100% owned by nationals of the Gulf Co-operation Council (GCC) nations, the other GCC members being Bahrain, Kuwait, Oman, Qatar and Saudi Arabia.

In each case, the branch or company must obtain a licence from the federal and/or municipal authorities to carry on its proposed activities.

For activities of national interest, such as those relating to telecommunications or petroleum, there may be restrictions on foreign ownership and/or additional licensing requirements. In



addition, certain industries are subject to additional regulation, such as banking, insurance and investment.

The UAE has more than 20 free zones, including the Jebel Ali Free Zone, Dubai Multi Commodities Centre, Dubai Airport Free Zone, Dubai South and the Dubai International Financial Centre. In general, the free zones focus on different business areas, including shipping, commodities, media, financial services and telecommunication, and have their own regulator. Operations within a free zone can be 100% foreign owned and no UAE national agent or UAE partner or shareholder is required.

4. Are there any restrictions on doing business with certain countries or jurisdictions?

The Federal Law No. 15 of 1972 concerns the Arab League Boycott of Israel (Israel Boycott) and provides for primary, secondary and tertiary boycott of Israel. The terms primary, secondary and tertiary boycott were not used in the law itself but were subsequently clarified by the Israeli Boycott office as follows:

- Primary boycott: Prohibits the dealing with Israel or any Israeli citizen, company, corporation or institution.
- Secondary boycott: Prohibits the dealing with any party dealing with Israel, which includes companies and corporations dealing with Israel or having branches or agencies in Israel.
- Tertiary boycott: Prohibits the dealing with any company dealing with Israel or providing Israel with spare parts or services.

The policy of the UAE regarding the Israel Boycott was formally revised by Cabinet Resolution 462/17M of 1995 dated 20 November 1995 (Cabinet Resolution). In this resolution, the UAE Federal Cabinet approved the decision to take steps to lift the secondary and tertiary aspects of the Arab League Boycott of Israel, in accordance with Gulf Cooperation Council (GCC) initiatives. Although Federal Law No. 15 of 1972 has not been formally repealed or amended, the Cabinet Resolution constitutes a formal declaration of UAE policy that the secondary and tertiary aspects of the Boycott of Israel will no longer be observed in the UAE. The primary boycott of Israel is still in place.

In addition, the UAE does not have any unilateral sanctions. However, in principle, the UAE observes UN imposed sanctions.

5. Are there any exchange control or currency regulations?

There are no currency exchange controls and no restrictions on the remittance of funds, except for restrictions on transactions involving Israeli parties or currency.

6. What grants or incentives are available to investors?

The UAE has established various free zones, each of which is regulated by the relevant free zone authority. Free zones are generally subject to their own respective company laws, independent of the company law of the UAE. Foreign companies are permitted to establish branches or incorporate wholly-owned subsidiaries in each of the free zones, without the need to appoint a UAE national sponsor or have any UAE national ownership (see *Question 3*).

Free zones attempt to distinguish themselves by appealing to a particular type of business and offering an environment attractive to those businesses in terms of infrastructure, location and other factors such as guaranteed tax holidays. Even outside the free zones, there is no corporate or personal income tax (except on

foreign banks and courier companies operating in the UAE) (see *Question 19*).

BUSINESS VEHICLES

7. What are the most common forms of business vehicle used in your jurisdiction?

The most common form of business vehicle used by foreign companies is the onshore limited liability company (LLC). Other common forms of business vehicles include establishing branches of a foreign company and the incorporation of companies in free zones.

LLCs provide for limited liability of their shareholders and the ability to trade from the UAE (outside the free zone areas). An entity established in one of the free zones of the UAE cannot carry on business from outside the free zone area in the UAE.

8. In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, what are the main registration and reporting requirements?

The most common form of business vehicle used by foreign companies is an LLC.

Registration and formation

An LLC is formed by a memorandum of association (memorandum) entered into by the shareholders of the LLC. Each emirate of the UAE has its own licensing authority. An LLC must be licensed by the relevant emirate level authority. Once all necessary documentation is in order, the registration and licensing process takes approximately ten working days. However, it can take longer if the subject licence requires the approval of an additional regulatory body (for example, additional approvals from the Dubai Municipality are required to license a contracting company).

Some licensing authorities provide for naming requirements (for example, the name must not include the name of a country or government and the name must strictly reflect the business activity).

See *Main Business Organisations* for information on the establishment of an LLC in the emirate of Dubai.

Reporting requirements

An LLC must keep a record of the names, nationalities, date of birth and domiciles of all shareholders and their respective share values, at the LLC's headquarters. An LLC must also maintain financial records that must be audited by a licensed auditor. The audited financial statements are not currently required to be filed with any authority.

An LLC is required to annually renew its license and registration with the local authorities.

Share capital

The requirement for an LLC to have a minimum amount of share capital was recently abolished. The law now provides that an LLC must have a capital that is sufficient to achieve its purpose of incorporation. In practice the level of the capital will need to be approved by the appropriate emirate authority.

Non-cash consideration

In-kind contributions are accepted as payment for shares in an LLC, but are subject to certain requirements concerning certification of the value of such contributions.

Rights attaching to shares

An LLC cannot issue transferable shares or bonds, or resort to public subscriptions (these activities are reserved for public joint stock companies). Federal Law No. 2 of 2015 on Commercial Companies, as amended (Companies Law) sets out the rights and restrictions on shares of an LLC.

9. In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, outline the management structure and key liability issues.

Management structure

An LLC must be managed by one or more managers as determined by the shareholders in the memorandum of association. A manager can be one of the shareholders or any other person. Where an LLC has more than one manager, its meetings are regulated by the LLC's memorandum, subject to which the manager(s) have full power to manage the LLC and make binding decisions on its behalf. If the LLC has more than seven shareholders, the memorandum must provide for a supervisory board of at least three shareholders. The supervisory board:

- Can examine the LLC's books and documents.
- Can require the managers to submit reports on their management.
- Supervises the LLC's balance sheet, its annual reports and the distribution of profits.
- Submits its own reports to the general assembly of shareholders.

An LLC must hold a general assembly of the shareholders at least once a year, during the four months following the end of the LLC's financial year, and at any other time if requested by the manager(s) or by shareholders holding at least 25% of the LLC's capital. Resolutions of the general assembly must be adopted by shareholders representing at least 51% of the LLC's capital, unless the memorandum provides for a greater majority.

Management restrictions

The provisions of the New Companies Law applicable to the directors of a joint stock company are applicable to the managers of LLCs. The directors of a public joint stock company (PJSC) must not enter into loans for periods in excess of three years, sell or pledge, mortgage movable and immovable properties of the PJSC, discharge the debtors of the PJSC from their obligations, make compromise or agree to arbitration, unless such acts are authorised under the articles of association of the PJSC or are within the object clause of the PJSC. In other than these two events, such acts require issuance of a resolution of the general assembly.

Directors' and officers' liability

The managers of an LLC are liable to the LLC, the shareholders and third parties for:

- All acts of fraud.
- Abuse of power.
- Violations of the Companies Law (or regulations provided by the law).
- Errors in management.
- Gross error.

Parent company liability

The liability of a shareholder in an LLC is generally limited to the value of its shareholding.

EMPLOYMENT

Laws, contracts and permits

10. What are the main laws regulating employment relationships?

UAE Federal Law No. 8 of 1980 Regulating Labour Relations (Labour Law) regulates most employment relationships in the UAE.

The Labour Law applies to all employees working in the UAE, including foreign employees working in the UAE. However, it does not apply to:

- UAE national employees who are employed abroad.
- Employees of UAE companies working abroad.
- Government sector.
- Domestic servants.
- Agricultural workers.

The Labour Law imposes minimum standards on termination of employment, working hours, vacation time and safety standards, among other things, which cannot be contracted out of. All employers in the UAE (other than those in exempt categories or in free zones) must register with the Federal Ministry of Labour and Social Affairs (MoL).

Trade unions and collective bargaining are not currently permitted, and for both UAE nationals and non-nationals, employee grievances are handled through a conciliation process administered by the MoL.

11. Is a written contract of employment required? If so, what main terms must be included in it? Do any implied terms and/or collective agreements apply to the employment relationship?

A written Federal Ministry of Labour and Social Affairs (MoL) standard employment contract is required and the minimum standards provided in the Labour Law apply regardless of contrary contractual provisions or choice of law clause in the contract.

12. Do foreign employees require work permits and/or residency permits?

Employment visas are required for foreign nationals to work in the UAE. The entire process costs about AED 7,500 and takes four to five weeks.

For a foreign national to obtain residency in the UAE:

- The foreign national must enter into an employment contract with an employer that is duly licensed in the UAE.
- Employment contracts with MoL-registered employers must be on the form prescribed by the MoL and registered with it.

Termination and redundancy

13. Are employees entitled to management representation and/or to be consulted in relation to corporate transactions (such as redundancies and disposals)?

Employees are not entitled to management representation or to be consulted in relation to corporate transactions.

14. How is the termination of individual employment contracts regulated?

The Labour Law provides for a 30-day minimum notice period for dismissal for legitimate reasons and pay in lieu of notice is an acceptable alternative. What constitutes a legitimate reason is not defined, but generally the reason for termination must relate to the employee's work.

The statutory minimum notice period and severance payment is required in the case of justified dismissals. This is unless the termination of employment is due to misconduct (*Article 120, Labour Law*). Misconduct includes the violation of safety rules, non-performance of main duties and intoxication (during working hours).

In a wrongful dismissal, the employer can be ordered by the court to pay compensation of up to three months' base salary to the employee. Employee grievances are handled through a conciliation process administered by the MoL.

15. Are redundancies and mass layoffs regulated?

There are no specific regulations regarding redundancies and mass layoffs.

TAX

Taxes on employment

16. In what circumstances is an employee taxed in your jurisdiction and what criteria are used?

There are no personal taxes in the UAE.

17. What income tax and social security contributions must be paid by the employee and the employer during the employment relationship?

Tax resident employees

The UAE does not impose any personal income taxes on either UAE national or non-UAE national employees.

A statutory pension contribution of 5% of the salary is payable by UAE national employees. Non-UAE national employees do not make any social security contributions.

Non-tax resident employees

There is no concept of tax residency as the UAE does not impose income tax.

Employers

A statutory pension contribution of 12.5% of the salary is payable by the employer in relation to employees who are UAE nationals.

Business vehicles

18. When is a business vehicle subject to tax in your jurisdiction?

Tax residency is not clearly defined under UAE law, as there is no corporate income tax legislation.

19. What are the main taxes that potentially apply to a business vehicle subject to tax in your jurisdiction (including tax rates)?

No corporate income tax is imposed at the federal or emirate level, except in relation to branches of foreign banks (at the emirate level) and courier companies (at the federal level). Emirate-level taxes are imposed on the petroleum concession holders at rates specifically negotiated in the relevant concession agreements.

Dubai, and certain other emirates, impose taxes on some goods and services (including sales of alcoholic beverages, hotel and restaurant bills, and residential leases). However, there is no generally applicable sales tax or VAT in the UAE.

Dividends, interest and IP royalties

20. How are the following taxed:

- **Dividends paid to foreign corporate shareholders?**
- **Dividends received from foreign companies?**
- **Interest paid to foreign corporate shareholders?**
- **Intellectual property (IP) royalties paid to foreign corporate shareholders?**

Dividends paid

The UAE does not impose taxes on dividends (paid or received).

Dividends received

The UAE does not impose taxes on dividends (paid or received).

Interest paid

The UAE does not impose taxes on interest payments.

IP royalties paid

The UAE does not impose taxes on royalty payments.

Groups, affiliates and related parties

21. Are there any thin capitalisation rules (restrictions on loans from foreign affiliates)?

No thin capitalisation rules apply in the UAE.

22. Must the profits of a foreign subsidiary be imputed to a parent company that is tax resident in your jurisdiction (controlled foreign company rules)?

No controlled foreign company rules apply in the UAE.

23. Are there any transfer pricing rules?

No transfer pricing rules apply in the UAE.

Customs duties

24. How are imports and exports taxed?

Under the Arab Gulf Co-operation Council's (AGCC) agreement to impose uniform rates for customs duties, the UAE imposes a uniform 5% customs duty on the import of goods from outside the

AGCC. Limited exemptions apply to military and security purchases and some food items.

Double tax treaties

25. Is there a wide network of double tax treaties?

The UAE is party to more than 40 international tax treaties.

COMPETITION

26. Are restrictive agreements and practices regulated by competition law? Is unilateral (or single-firm) conduct regulated by competition law?

The Federal Law No. 4 of 2012 (Competition Law), which came into force on 23 February 2013, applies to all entities in relation to:

- Economic activities carried out within the UAE.
- The utilisation of intellectual property rights within and outside the UAE.
- Any economic activity outside of the UAE and having an effect on competition inside the UAE.

The following entities and sectors have been expressly exempted from the application of the Competition Law:

- Federal and local government entities and entities owned or controlled by federal and local government entities.
- Small and medium size entities (not defined in the Competition Law or its regulations).
- Entities operating in the following sectors:
 - telecommunications;
 - financial;
 - media (prints, audio, and visual);
 - oil and gas sector;
 - production and distribution of pharmaceutical products;
 - postal services (including express mail, electricity and water production and distribution);
 - sewage and waste disposal;
 - land, sea and maritime transportation (including transportation by rail and related services).

The Competition Law prohibits restrictive agreements between entities that may contravene, limit or prevent competition. In addition, an entity with a dominant position in the local market or a significant part thereof is prohibited from any acts or dealings by abusing its dominant position in order to prevent, limit or weaken competition. The Competition Law requires that entities seek merger clearance from the UAE Ministry of Economy if they are contemplating a transaction that:

- Will result in the acquisition of a direct or indirect, total or partial interest or benefit in assets, equity, and/or obligations of another entity to which the Competition Law applies.
- Will create or promote a dominant position.
- May affect the level of competition in the relevant market.

The Competition Law allows for entities to seek an exemption to the Competition Law from the UAE Ministry of Economy. The procedure for seeking an exemption is set out in the regulations (Cabinet Decision No. 37 of 2014) (Cabinet Decision) to the Competition Law. The Cabinet Decision also provides for issuance

of implementing regulations by the Ministry of Economy that have not yet been declared.

The Competition Law provides for the following penalties in the event of violation:

- Fines of between AED500,000 and AED5 million for entering into restrictive agreements or abusing market dominance.
- Fines of between 2% to 5% of the infringing entity's annual revenue derived from the sale of the relevant goods and services in the UAE for a failure to notify a transaction that is required to be notified under the Competition Law.

In addition, an entity violating the provisions of the Competition Law can be subject to possible criminal sanctions.

27. Are mergers and acquisitions subject to merger control?

See *Question 26*.

INTELLECTUAL PROPERTY

28. Outline the main IP rights in your jurisdiction.

The UAE is a member of the General Agreement on Tariffs and Trade, and accordingly all provisions relating to intellectual property, including reciprocity, apply in the UAE. The UAE also has its own legislation regulating intellectual property.

Patents

Nature of right. To be patentable, an invention must be:

- Novel. Novelty is not described except using the word "new". The Ministry of Finance and Industry examine the application for novelty.
- Inventive. The patent must be non-obvious, as judged by the Ministry.
- Capable of industrial application. The invention must be practically useful in industry.

Protection. Protection is achieved by registration under Federal Law No. 44 of 1992 Regarding the Regulation and Protection of the Industrial Property of Patents, Designs and Industrial Prototypes (as amended by Federal Law No. 17 of 2002) (Patent Law), which regulates the protection of patents, designs, industrial models and know-how, and is administered by the Ministry of Finance and Industry.

Enforcement. A petition can be made to the Administration of the Industrial Property, a statutory administrative body, for the enforcement of provisions of the Patent Law, appeals from which must be made within 30 days of a decision.

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

Trade marks

Nature of right. To be registrable in the UAE, a trade mark must be distinguishable and not yet registered by another person. Registrability is at the MoE's discretion.

Protection. Protection is achieved by registration under Federal Law No. 37 of 1992 Regarding Trademarks (as amended by Federal Law No. 8 of 2002) and is administered by the MoE. Applications are submitted to the Trade Control Section of the MoE. The process takes slightly over a year, and costs about AED13,000.

Enforcement. Unauthorised use of a registered trade mark and other related offences are punishable under UAE law. An aggrieved

trade mark owner (or licensee) can also bring a civil action for damages. No injunctive relief is available in the UAE courts.

Length of protection. A trade mark registration is valid for ten years from the date of registration and can be renewed.

Registered designs

Nature of right. Industrial designs are defined as any innovative three-dimensional shape that can be used in industry or craft. To be registrable, a design must be:

- New.
- Innovative.
- Usable as an industrial product.

Protection. Protection is achieved by registration under the Patent Law and is administered by the Ministry of Finance and Industry. An application is made to the Administration of Industrial Property for a deed of protection in relation to an industrial design.

Enforcement. Unauthorised use of a registered industrial design, to manufacture or import goods relating to the industrial design, with the intention of selling those goods, is punishable under UAE law. The aggrieved industrial design owner (or licensee) can also bring a civil action for damages. No injunctive relief is available in the UAE courts.

Length of protection. The protection term for a registered design is ten years from the date of filing the application for registration.

Unregistered designs

Unregistered designs are protected as an unregistered copyright (see below, *Copyright*).

Copyright

Nature of right. Copyright can subsist in a wide variety of media, including:

- Written.
- Verbal.
- Musical.
- Photographic.
- Drawings.

Protection. Copyrights in the UAE are protected under Federal Law No. 7 of 2002 Regarding Copyrights and Neighbouring Rights, which is administered by the Ministry of Information and Culture. Protection arises automatically on the author's creation of the work and registration is not required. However, a copyright can be registered with the Ministry of Information and Culture to provide public notice of the copyright or to establish priority in time. No greater substantive protection is afforded a registered copyright compared to an unregistered copyright.

Enforcement. Unauthorised publication of a copyrighted work in the UAE is a criminal offence punishable by imprisonment and/or fines.

Length of protection. A copyright is protected for the duration of the author's life plus 50 years.

Confidential information

Confidential information is not specifically regulated. However, a person is liable for acts causing harm generally (*UAE Federal Law No. 5 of 1985 regarding Civil Transaction*), which would include harm caused by unauthorised use or publication of the personal or private information of another.

MARKETING AGREEMENTS

29. Are marketing agreements regulated?

The UAE Commercial Agencies Law (*Federal Law No. 18 of 1981, as amended*) regulates the appointment of commercial agents, sales representatives, and distributors. A commercial agency is defined as any arrangement whereby a foreign company is represented by an agent to distribute, sell, offer or provide goods or services within the UAE for a commission or profit.

The Commercial Code (*Federal Law No. 18 of 1993*) augments the Commercial Agencies Law and establishes the regulatory framework for the various types of permitted commercial agencies. The most common type of agency is the contractual agency, whereby the agent undertakes, on a permanent basis and in a specific area of activity, to instigate and negotiate deals for the principal in return for payment. Distributor contracts are treated as contractual agencies when they involve one agent as the sole distributor.

The primary requirements and characteristics of commercial agencies are:

- Commercial agents must be UAE nationals or companies incorporated in the UAE and owned entirely by UAE nationals.
- Commercial agents must be registered with the MoE to engage in commercial agency activities. In practice, there are many unregistered commercial agencies held by companies with some foreign ownership.
- The agency agreement must be registered for the agent to be protected under the law and to have the agency relationship recognised.
- Commercial agents are entitled to an exclusive territory encompassing at least one emirate for the specified products.
- Unless otherwise agreed, commercial agents are entitled to receive commissions on sales of the products in their designated territory irrespective of whether these sales are made by or through the agent.
- Commercial agents are entitled to prevent products subject to their agency from being imported into the UAE.

E-COMMERCE

30. Are there any laws regulating e-commerce (such as electronic signatures and distance selling)?

Federal Law No. 1 of 2006 regarding Electronic Transactions and Commerce regulates electronic records, documents and signatures relating to electronic transactions, but does not apply to wills, immovable property, negotiable instruments, personal law issues such as marriage or divorce, or documents that must be attested before the notary public. Generally, contracts can be formed by any means of electronic communication. A person can rely on an electronic signature, to the extent such reliance is reasonable in the circumstances.

ADVERTISING

31. Outline the regulation of advertising in your jurisdiction.

The National Media Council (Council) is a federal government body and is the main regulator for advertising in the UAE. The Council's Chairman's Decision No. 35, 2012 Concerning the Standards of Advertisement Content in Media applies to all advertisements that are produced, distributed or broadcast in the UAE and the free

zones. The regulations determine the standard and control of the advertisement content published in various printed, audio and visual media.

DATA PROTECTION

32. Are there specific statutory data protection laws? If not, are there laws providing equivalent protection?

The UAE (other than some of the free zones) does not have a specific law on privacy, data protection, security, access or interception of information. However, there are certain laws that address data protection issues relating to the confidentiality of information, including:

- Article 31 of the Constitution provides for a general right of "freedom of communication by post, telegraph or other means of communication and the secrecy thereof shall be guaranteed in accordance with the law".
- Article 379 of the Penal Code (Federal Law No. 3 of 1987) prohibits any person entrusted with a secret due to his profession, trade, position or art, who is found to have disclosed it in cases other than those lawfully permitted, or if found to have used such a secret for his own private benefit or for the benefit of another person, without the consent of the individual.
- Article 21 of the Federal Law No.5 of 2012 on Combatting Cybercrimes (Cybercrime Law) prohibits the invasion of privacy of an individual, by means of a computer network and/or

electronic information system and/or information technology, without the individual's consent and unless otherwise authorised by law.

The Dubai International Financial Centre (DIFC) and the Dubai Healthcare City Authority have passed comprehensive laws and regulations regarding data protection laws. Entities established in free zones are required to follow the laws and regulations of their respective free zones and other federal laws as applicable to the free zone entities.

In addition, the Central Bank of the UAE has discretion regarding whether to permit banks registered in the UAE to store customer information outside of the UAE.

PRODUCT LIABILITY

33. How is product liability and product safety regulated?

The UAE Federal Law No. 5 of 1985 regarding Civil Transactions (Civil Code) contains general provisions imposing liability for harm done to another. These provisions could apply to product liability claims. The Civil Code provides for a distinction between direct and indirect (or consequential) harm, but does not define these terms. It is not possible to contract out of liability for causing direct harm, whereas liability for indirect harm can be limited by contract. In all cases, liability is assessed on the basis of the amount of harm suffered (including loss of profit if it was a natural result of the harmful act).

MAIN BUSINESS ORGANISATIONS

Dubai Department of Economic Developing (DDED)

W www.dubaided.gov.ae

Main activities. The DDED is the main licensing authorities in the emirate of Dubai. It is mandatory to obtain a license from the DDED (for activities licenses by the DDED) in order to carry on business from the emirate of Dubai (outside the free zone areas).

Ministry of Labour (MOL)

W www.mol.gov.ae

Main activities. The MOL regulates employment laws. The MOL's role includes the issuance of work permits and hearing employment disputes.

General Directorate of Residency and Foreigners Affair (DNRD)

W www.dnrd.ae

Main activities. The DNRD regulates visit and residency visa services.

UAE Central Bank (CBUAE)

W www.centralbank.ae

Main activities. The CBUAE's main responsibility is the formulation and implementation of banking, credit and monetary policies. All banks and financial institutions in the UAE (outside the Dubai International Financial Centre (DIFC)) are regulated by and required to obtain a license from the CBUAE.

Ministry of Economy (MOE)

W www.economy.ae

Main activities. The MOE has a broad range of activities. The MOE regulates joint stock companies, licenses branches of foreign companies, registration of commercial agencies and trademarks.

Practical Law Contributor profiles



Bashir Ahmed, Partner

T +971 4 330 3900
F +971 4 330 3800
E bahmed@afриди-angell.com
W www.afриди-angell.com

Professional qualifications. New York Bar Association; International Bar Association; Lahore High Court Association

Areas of practice. Banking and finance; mergers and acquisitions; private equity; corporate and commercial; restructuring; shipping and insurance.

Publications

- Banking Regulation, Law Business Research (co-author of the UAE chapter).
- Acquisition Finance, Law Business Research (co-author of the UAE chapter).
- The Restructuring Review, Law Business Research (co-author of the UAE chapter).
- Arrest of Vessels, Maritime Law Handbook, Kluwer Law International (co-author).
- Litigation and enforcement in the United Arab Emirates, PLC Multi-jurisdictional guide (co-author).



Saurbh Kothari, Senior Associate

T +971 4 330 3900
F +971 4 330 3800
E saurbh@afриди-angell.com
W www.afриди-angell.com

Professional qualifications. Bar Council of Rajasthan

Areas of practice. Corporate and commercial; mergers and acquisitions.