



**ADGM COURTS**  
محاكم سوق أبوظبي العالمي



**ADGM COURTS PRO BONO SCHEME**

**ADGM EMPLOYMENT REGULATIONS FAQs**

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## ADGM COURTS PRO BONO SCHEME

### ADGM Employment Regulations FAQs

This document provides answers to frequently asked questions about the ADGM Employment Regulations 2019. It is designed for informational purposes only and should not be construed as legal advice on employment related matters in ADGM or any other subject matter. Users should read these FAQs alongside the:

- [ADGM Employment Regulations 2019](#); and
- [Guidance Note – Employment in Abu Dhabi Global Market](#)<sup>1</sup>.

#### A. APPLICABLE LEGISLATION - ADGM EMPLOYMENT REGULATIONS 2019

##### 1. Which law applies for the purposes of my employment in ADGM?

The ADGM Employment Regulations 2019 (the “**Regulations**”) apply to employers and employees in ADGM. Specifically, section 66(2) provides that the Regulations apply to:

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

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<sup>1</sup> The Guidance Note is prepared by the ADGM Registration Authority.

**2. Is it possible to opt into ADGM's jurisdiction if the employer is based outside ADGM?**

If the employment does not come within the scope of section 66(2) of the Regulations, the employer cannot opt into ADGM's jurisdiction for the purposes of the employee's employment. If an employee works outside ADGM and within the UAE, the employee shall be subject to UAE Federal Law No. 8 of 1980 (the UAE Labour Law) and the relevant regulations for that jurisdiction.

**B. EMPLOYMENT CONTRACT**

**3. Are employers required to provide employees with a contract of employment?**

Yes, pursuant to section 5(1) of the Regulations, an employee may only be employed pursuant to a written contract of employment that is drafted in English and signed by both the employer and employee.

**4. What matters should be included in the contract of employment?**

- (a) In accordance with section 5(4) of the Regulations, the contract of employment must include the following matters as a minimum:
- (i) the names of the employer and employee;
  - (ii) the commencement date;
  - (iii) the employee's wages;
  - (iv) any terms and conditions relating to the applicable pay period;
  - (v) any terms and conditions relating to the hours or days of work;
  - (vi) vacation leave, vacation pay;
  - (vii) national holidays and pay for national holidays;
  - (viii) sick leave and sick pay;
  - (ix) notice period for termination of employment;
  - (x) title of the job or a brief description of the employee's work;
  - (xi) period of employment (if the employment is not intended to be for an indefinite duration);
  - (xii) place of work; and
  - (xiii) any disciplinary rules and/ or grievance procedures.

Section 5(4) of the Regulations does not apply to short term employment, that is, employment of less than 30 days.

- (b) The contract of employment also must include those matters relating to the employment of the employee that shall be subject to the employer's policies; such policies may be changed at the employer's discretion from time to time by way of a written notice to the employee.

**5. What is the difference between a limited and unlimited contract of employment?**

- (a) There are two common types of employment contracts: limited and unlimited (although these terms are not themselves used in the Regulations).
- (b) Limited employment contracts are for a specified duration with specific commencement and completion dates. Employment automatically terminates at the end of an employment contract period but can be renewed with mutual consent of the parties. The employment contract may stipulate the period at which the desire to renew/terminate is communicated to the other party.
- (c) Unlimited employment contracts are of an infinite duration, only a commencement date will be specified. The contract does not terminate automatically at the end of a prescribed period, but is commonly brought to an end by:
  - (i) mutual agreement of the parties; or
  - (ii) giving prior notice of termination – see question 45 below.
- (d) A contract (whether limited or unlimited) may also be terminated for cause as governed by the Regulations. In relation to termination generally, see questions 36-46 below (Termination of Employment).

**6. What is the maximum period of time an employer can place an employee on probation?**

Section 9 of the Regulations provides that an employee may be subject to a probationary period, provided that such period shall not exceed six months and is specified in the contract of employment.

**7. Are restrictive covenants in a contract of employment enforceable in ADGM?**

- (a) Section 10 of the Regulations provides that an employee shall, except as and to the extent specified in the contract of employment,:
  - (i) not compete with the business of the employer;
  - (ii) not disclose to any third party any confidential information of the employer, which obligation shall apply both during the employee's employment and indefinitely following termination of employment, unless such disclosure is compelled by a competent court or by the applicable law.
- (b) If a restrictive covenant clause in the contract of employment is drafted reasonably, ADGM Courts will consider enforcing the clause and have the power to award injunctive relief to stop a party from breaching that clause.

## **C. WAGES**

### **8. Are employers required to provide employees with pay statements?**

Yes, section 7 of the Regulations provides that an employer is required to provide a written itemised pay statement in hard copy or by electronic access to employees at the time, or before, employees are paid any wages. Note that Section 7 does not apply to short term employment, that is, employment of less than 30 days.

### **9. What information should be included in pay statements?**

Pay statements must include:

- (a) the amount of the wages payable to the employee; and
- (b) the amounts of any variable, and any fixed deductions from the employee's wages and the purposes for which they are made.

### **10. What is the difference between basic wage and wage received in kind or as allowance?**

Pursuant to section 65 of the Regulations:

- (a) basic wage means the employee's wage, excluding any portion received in kind or as allowance; and
- (b) wage received in kind or as allowance means any amount received by the employee for housing, travel, currency exchange (cashier), children's education, social and entertainment or any other type of allowance, bonus or commission payment, or overtime pay.

### **11. How does the distinction between basic wage and wage received in kind or as allowance impact the employee?**

- (a) Employers may choose to pay the employee's wage:
  - (i) in full as basic wage; or
  - (ii) split the employee's wage into basic wage and wage received in kind or as allowance.
- (b) The distinction between basic wage and wage received in kind or as allowance impacts the calculation of end-of-service gratuity that is paid to the employee upon termination of employment. The end-of-service gratuity is calculated only on the basic wage received by the employee. Therefore, if the employee's wages were split into basic wage and wage received in kind or as allowance, the end-of-service gratuity shall be calculated only on the basic wage received by the employee, excluding any amounts received in kind or as allowance.

**12. Are employees entitled to an annual flight ticket allowance?**

There is no obligation upon an employer to provide an employee with an annual flight ticket allowance under the Regulations. This is a benefit provided by the employer on a discretionary basis. However, the employer is required to provide the employee with a one-way repatriation ticket upon termination of employment pursuant to section 63 of the Regulations - see question 38 below.

**D. WORK PERMITS AND RESIDENCY VISAS**

**13. Are employers entitled to recover from employees the costs related to work permits and residency visas?**

Under section 4 of the Regulations, the employer is responsible for obtaining, maintaining and paying the cost of the employee's work permit and, as applicable, UAE residency visa and UAE identity card. Section 14(2) further prohibits the employer from requesting or demanding or accepting any sum from the employee as reimbursement for such costs.

**14. Are employers entitled to withhold employees' passports without their consent?**

This matter is not directly addressed in the Regulations. Notwithstanding, employers are not permitted to withhold employees' passports without their express consent in the UAE.

**15. What are the requirements for visa cancellation in ADGM?**

The employer must process the cancellation of the employee's visa online via *AccessADGM*, ADGM's integrated online portal for corporate services.

**16. Can employers apply for labour bans in ADGM?**

This matter is not addressed in the Regulations. Notwithstanding, the concept of applying labour bans on employees is not practised in ADGM.

**E. WORKING TIME**

**17. What is the maximum number of working hours per week?**

Section 16(1) of the Regulations provides that an employee's working time shall not exceed an average of 48 hours for each seven-day period. There are exceptions to this rule relating to overtime – see question 18 below.

**18. Are employees entitled to compensation for working overtime? If so, how are they compensated?**

- (a) Save for employees in a managerial or supervisory position, as well as those in positions where it is reasonably expected within that industry internationally that overtime is not payable, employees are entitled to overtime for time worked in excess of 832 hours (the “Threshold”) over a period of up to four months (the “Reference Period”) – this is to be pro-rated for any shortened Reference Periods.
- (b) As set out in section 16(5) of the Regulations, overtime compensation can either be monetary, time in lieu or a combination of both as decided by the employer. Monetary overtime compensation is made in addition to the employee’s daily wage, and is payable in accordance with the following:
  - (i) 25% of the employee’s hourly rate for daytime overtime work; and
  - (ii) 50% of the employee’s hourly rate for overtime work between 9 pm to 4 am.
- (c) Monetary overtime must be paid no later than one month after the expiration of the Reference Period to which it relates.

**19. Are employees entitled to rest breaks?**

- (a) Pursuant to section 21 of the Regulations, where an employee’s daily working time is more than 6 hours, the employee is entitled to rest and prayer breaks of not less than 1 hour in aggregate. The rest and prayer breaks may be spent away from the employee’s workstation.
- (b) An employee is also entitled to a rest period of not less than 11 consecutive hours in each 24-hour period (section 19) and to an uninterrupted rest period of not less than 24 hours in each seven-day work period (section 20).

**20. Are employees entitled to reduced working hours during Ramadan?**

Section 18 of the Regulations provides that during the Holy month of Ramadan, a Muslim employee observing the fast shall have his normal working hours reduced by 2 hours each day and there shall be no reduction in compensation as a result. All other employees are not entitled to reduced working hours.

**F. VACATION AND OTHER TYPES OF LEAVE**

**21. Are employees entitled to paid vacation leave?**

Under section 22(1) of the Regulations, an employee is entitled to a minimum paid vacation leave of 20 business days per year to be accrued pro rata for employees who have been employed for at least 90 days. Employers may provide more but not less than the minimum paid vacation leave prescribed in the Regulations.

**22. Are employees entitled to carry forward accrued but untaken vacation leave?**

Section 22(2) of the Regulations provides that an employee can carry forward vacation leave up to a maximum of five business days into the next calendar year for a maximum period of 12 months after which the unused leave shall expire.

**23. Are employees entitled to national holidays?**

Pursuant to section 27 of the Regulations, every employee is entitled to the national holidays that are announced in the UAE for the public sector (if the employer is a public sector entity) or the private sector (if the employer is a private sector entity), falling on a business day. An employee is entitled to their full daily wage for that holiday so long as it falls on a business day.

**24. Are employees entitled to compensation for working on a national holiday?**

If an employee is requested to work on a national holiday, the employee is entitled to any one of the following in compensation:

- (a) a day off in lieu;
- (b) a payment in lieu; or
- (c) a pro-rated amount relating to the period of time worked, where the employer and employee so agree in writing.

**25. Are Muslim employees entitled to perform Haj pilgrimage?**

Section 28 of the Regulations provides that Muslim employees who have completed one year or more of continuous employment are entitled to 30 days of unpaid leave to perform the Haj pilgrimage once during their employment.

**26. Can an employee take leave to search for alternative employment during working hours?**

This matter is not addressed in the Regulations. It is at the employer's discretion to allow the employee leave during working hours to search for alternative employment.

**27. Are part time employees entitled to leave?**

Section 32 of the Regulations provides that for employees employed on a part time basis, the rights of the employee to take leave under sections 22 (vacation leave), 29 (sick leave), 33 and 34 (maternity leave and pay), and 35 (paternity leave and pay) shall apply, but shall be calculated on a pro-rata basis.

## **G. SICK LEAVE**

### **28. What is the annual sick leave entitlement?**

- (a) Section 29 of the Regulations provides that, subject to satisfying certain conditions relating to the provision of notification and medical reports to the employer, an employee is entitled to a maximum of 60 business days of paid sick leave in any 12-month period.
- (b) Section 31 provides that if an employee takes more than the 60 days in any 12-month period, the employer may terminate the employment with immediate effect. This does not apply where an employee takes sick leave because of a disability.

### **29. Are employees entitled to paid sick leave?**

- (a) Under section 30 of the Regulations, the employee is entitled to paid sick leave based on his daily wage as follows:
  - (i) full pay for the first 10 business days;
  - (ii) half pay for the next 20 business days; and
  - (iii) no pay for the remaining 30 days.
- (b) Section 30 does not apply if the contract of employment is for one month or less.

## **H. MATERNITY AND PATERNITY RIGHTS**

### **30. Are employees entitled to ante-natal care during working hours?**

Section 51 of the Regulations provides that pregnant employees have the right to take time off during working hours for ante-natal care. The employer may request the employee to provide a medical practitioner's certificate confirming the pregnancy and evidence of appointments for ante-natal care.

### **31. Are employees entitled to maternity and paternity leave in ADGM?**

- (a) Section 33 of the Regulations provides for maternity leave for employees who have been continuously employed for at least 12 months preceding the expected or actual week of childbirth.
- (b) The employee is entitled to a minimum 65 business days of maternity leave paid at:
  - (i) normal daily wage for the first 33 business days of maternity leave; and
  - (ii) 50% of the normal daily wage for the next 32 business days of maternity leave.

- (c) The Regulations also provide for paid paternity leave under section 35. An employee who becomes a father to a newly-born child shall be entitled to a minimum paternity leave of 5 business days at his normal daily wage to be taken within 2 months of the date of birth of the child.

## **I. DISCRIMINATION AT WORK**

### **32. Is the concept of discrimination dealt with in ADGM?**

Yes, section 54 of the Regulations deals with discrimination.

### **33. What are the grounds of discrimination provided for under the Regulations?**

The Regulations specifically prohibit an employer from engaging in discriminatory treatment or conduct on the grounds of an employee's gender, marital status, race, nationality, colour, religion, age and/or disability.

## **J. HEALTH INSURANCE AND WORK-RELATED INJURIES**

### **34. Are employees entitled to health insurance from employers? If so, are the employees' dependents covered by that health insurance?**

- (a) An employer is required to obtain and maintain health insurance coverage for its employees pursuant to section 50 of the Regulations.
- (b) Employers in ADGM may choose to offer health insurance for an employees' dependents but they are not required to do so under the Regulations.

### **35. What are the provisions concerning a work-related injury?**

- (a) Section 49(1) of the Regulations provides that where an employee sustains an injury as a result of an accident arising out of or in the course of his employment, and the employee can show that such accident arose as a result of the employer's negligence or actions, the employer shall pay compensation to the employee in accordance with the scale of compensation amounts set out in the Schedule to the ADGM Compensation Awards and Limit Rules 2019.
- (b) Section 49(3) of the Regulations provides that where an employee dies as a result of an accident or illness arising out of or in the course of his employment, and the employee's estate can show that such accident or illness arose as a result of the employer's negligence or actions, the employer shall pay compensation to the employee's estate equal to no less than 24 months wages calculated on the basis of the last monthly wage the employee was paid before his death.

## **K. TERMINATION OF EMPLOYMENT**

### **36. How can a contract of employment be terminated?**

An employment contract can be terminated:

- (a) by the mutual consent of the parties;
- (b) in the case of a limited employment contract, automatically at the end of an employment contract period;
- (c) by means of written notice (see section 55 of the Regulations and question 45 below);
- (d) for cause (see section 56 of the Regulations and question 37 below);
- (e) for taking excessive sick leave (see section 31 of the Regulations and questions 28 and 29 above (Sick Leave)); or
- (f) during the employee's probation period (see section 9 of the Regulations).

### **37. What is termination for cause?**

- (a) Section 56 provides that an employer or employee may terminate employment without notice "for cause".
- (b) An employer may terminate employment without notice for cause in circumstances where the conduct of the employee warrants termination and where a reasonable employer would consider immediate termination to be warranted. However, termination for cause does not apply where an employee has been terminated for having exhausted his/ her maximum sick leave entitlement.
- (c) An employee may terminate his/ her employment without notice for cause in circumstances where the employer:
  - (i) has committed a crime, the commission of which has a material and detrimental impact on the employee;
  - (ii) committed a repudiatory breach of a provision of the contract of employment; or
  - (iii) materially contravened the Regulations, the effect of which has a material and determinantal impact on the employee.

### **38. Are employees entitled to repatriation in the event of termination of employment?**

Under section 63 of the Regulations, on termination of employment, the employer is required to provide the employee with a one-way repatriation flight to the employee's country of origin, unless the employee:

- (a) obtains alternative employment or visa sponsorship in the UAE within 30 days; or
- (b) has been dismissed for cause.

**39. Are employers required to provide reference letters?**

No, employers are not required under the Regulations to provide employees with reference letters.

**40. What happens if there are wages or any other amounts owed to the employee following termination of employment?**

Section 13 of the Regulations provides that, on termination of employment, an employer must pay all wages and any other amounts owing to an employee within 14 days of such sums becoming due.

**41. What are the options available to employees for recovering any outstanding wages or any other amounts following termination of employment?**

If an employee is not paid their outstanding dues following termination, the employee can:

- (a) seek assistance from the ADGM Courts Pro Bono Scheme (provided that the employee is eligible to receive pro bono legal assistance)<sup>2</sup>;
- (b) refer the matter to mediation under the ADGM Court-annexed mediation scheme (provided that both employer and employee agree to do so)<sup>3</sup>; or
- (c) file a claim with ADGM Courts.

**42. Are employees entitled to a statement of reasons for their dismissal?**

If an employee has been working for the employer for a period of less than 1 year, the employee is not entitled to reasons for their dismissal. However, under section 57 of the Regulations, if an employee has been employed continuously for a period of not less than 1 year on the date of termination, the employee is entitled to a written statement of the reasons for dismissal upon the written request of the employee.

**43. Is there a pension scheme for employees in ADGM?**

- (a) Pursuant to section 58 of the Regulations, only UAE or GCC nationals are entitled to be enrolled in the relevant UAE pension scheme in accordance with applicable legislation.

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<sup>2</sup> For further information on ADGM Courts Pro Bono Scheme, see the ADGM Courts Pro Bono Scheme Guidelines found on ADGM Courts' website at <https://www.adgm.com/adgm-courts>.

<sup>3</sup> For further information on the court-annexed mediation scheme, see Part 36 of the ADGM Court Procedure Rules 2016 and Practice Direction 13 found on ADGM Courts' website at <https://www.adgm.com/adgm-courts>.

- (b) UAE or GCC Nationals enrolled in the relevant UAE pension scheme shall not be eligible to receive end-of-service gratuity, unless such employee has the written approval of the applicable pension authority not to participate in the relevant UAE pension scheme and has provided a copy of that written approval to the employer prior to the termination of employment.

**44. Can an employer extend an employee’s visa to look for an alternative employment?**

This matter is not addressed in the Regulations. In practice, however, in the event of termination of employment and after payment of all outstanding wages and any other amounts due to the employee, the employer is required to proceed with the cancellation of the employee’s work permit and residence visa. The employee is granted a one-month grace period from the date of cancellation, where the employee can obtain alternative residence visa or leave the UAE.

**45. What are the minimum requirements for notice periods?**

- (a) Section 55 of the Regulations provides that the written notice required to be given by an employer or employee to terminate an employee’s employment, where the employee has been continuously employed for 1 month or more, shall not be less than:
  - (i) 7 days if the period of continuous employment is less than 3 months; or
  - (ii) 30 days if continuous employment is 3 months or more.
- (b) The employer and employee may agree to a longer period of notice, waive notice or accept a payment in lieu of notice.
- (c) The minimum notice provisions in section 55 do not apply where employment terminates for cause (section 56), for excessive sick leave (section 31), or during the employee’s probation period (section 9(2)).

**46. What is the retirement age in ADGM?**

There is no statutory retirement age in ADGM.

**L. END-OF-SERVICE GRATUITY**

**47. When is an employee entitled to claim end-of-service gratuity?**

Under section 59 of the Regulations, an employee who has completed 1 year or more of continuous service is entitled to an end-of-service gratuity payment upon termination of employment (whether by the employer or the employee).

**48. How is the end-of-service gratuity calculated?**

- (a) End-of-service gratuity is calculated on basic wage only and in accordance with the following:
  - (i) 21 days' basic wage for each year of the first 5 years of service; and
  - (ii) 30 days' basic wage for each additional year of service, provided that the total of the gratuity shall not exceed the wages of 2 years of service.
- (b) The daily rate for the employee's basic wage shall be calculated based on the number of days in the year and by reference to the basic wage payable to the employee as at the date of termination of employment.
- (c) Where the termination occurs prior to the end of any full year of employment, the gratuity payment shall be calculated on a proportionate basis.
- (d) Where an employer has established a pension scheme for his employees, the employee may choose between participating in the pension scheme or receiving the end-of-service gratuity payment.
- (e) No end-of-service gratuity is payable where the employment of the employee has been terminated for cause by the employer under the Regulations.

**49. Are commissions and bonuses considered part of the employee's basic wage for the purposes of calculating end-of-service gratuity?**

The definition of basic wage under section 65 of the Regulations is very clear. Basic wage means the employee's wage excluding any portion of an employee's wage received in kind or as allowance for housing, travel, currency exchange (cashier), children's education, social and entertainment or any other type of allowance, bonus or commission payment or overtime pay. Accordingly, commissions and bonuses are not considered part of the employee's basic wage and will not be considered for the purposes of calculating end-of-service gratuity.

**M. DISPUTE RESOLUTION**

**50. Where do I file an employment claim?**

- (a) Employment claims in ADGM must be filed in the Employment Division of ADGM Courts. The Employment Division is a specialist division of the Court of First Instance which has been established to deal only with employment claims.
- (b) A party who wishes to file an employment claim with ADGM Courts should have regard to Practice Direction 4 (Employment Claims) which can be found on ADGM Courts' website at [www.adgm.com/adgm-courts](http://www.adgm.com/adgm-courts).

**51. How do I file a claim against my previous or current employer?**

- (a) Information on how to file a claim with ADGM Courts is available on [www.adgm.com/adgm-courts](http://www.adgm.com/adgm-courts).
- (b) ADGM Courts are fully digitised, which means that claims are filed electronically via the Courts' online Registry solution, the ADGM eCourts Platform. You must first register to gain access to the ADGM eCourts Platform via [www.adgmcourts.com](http://www.adgmcourts.com).

**52. What are the court fees for filing an employment claim?**

The fee for filing a claim in the Employment Division is 1.5% of the claim amount (with a minimum fee of USD 250 and a maximum of USD 1,500).

**53. What rights does a court judgment give to an employee?**

- (a) A court judgment determines the rights and liabilities of the parties.
- (b) If an employee receives a favourable judgment, the employer will ordinarily be ordered to pay a determined amount to the employee (which includes a certain amount). If the employer does not do so voluntarily, the employee can seek to enforce any money judgment against the employer's assets.
- (c) All claims are dealt with in public and there is no confidentiality in terms of the parties or any judgment (which is a public document).

**54. What language do ADGM Courts operate in?**

English.