

# Country Guide

## United Arab Emirates

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# Doing Business in the United Arab Emirates: Overview

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A Q&A guide to doing business in the United Arab Emirates.

This Q&A provides a high-level overview of the key matters to consider when doing business in the United Arab Emirates, including legal systems, foreign investment, business vehicles, environment, employment, competition, intellectual property, marketing agreements, e-commerce, advertising, data protection, product liability and regulatory authorities.

## Overview

1. What is the business, economic and cultural climate in your jurisdiction?

## Economy

The 1950s and 1960s saw the discovery of major quantities of crude oil in Abu Dhabi and Dubai, leading to the subsequent generation of very considerable export revenues, particularly following the oil price surge in 1973.

As of June 2024, the oil production of the UAE is in the region of 2.9 million barrels per day. Oil production generates annual revenue in excess of USD307 billion, representing over 80% of the UAE's GDP. The Emirate of Abu Dhabi accounts for more than 95% of current UAE oil production. Dubai, Sharjah, and Ras Al Khaimah are the other oil producers.

The UAE currency is the UAE Dirham. The exchange rate is pegged at approximately AED3.67 per USD1. The exchange rate changes from day to day with the Euro and other foreign currencies.

## Dominant Industries

Although the majority of the UAE's economy runs on income from oil exports, the UAE has been very successful in diversifying its economy. The United Nations Conference on Trade and Development (UNCTAD) investment report 2023 ranks the UAE first in the MENA region and 16th globally in attracting foreign direct investment. Other growth industries in the UAE include the following:

- Fintech.

- Agritech.
- Healthcare.
- E-commerce.
- Tourism and travel.
- Real estate.
- Renewable energy.
- Logistics.

With its strategic location, the UAE has become a commercial hub where many multinational companies choose to establish their regional headquarters.

## Population and Language

As of 1 July 2024, the population of the UAE is 9.5 million, based on Worldometer elaboration of the latest United Nations data. Emiratis constitute roughly 11% of the total population, making UAE home to one of the world's highest percentage of expatriates with over 196 nationalities. South Asians (Indians, Pakistanis, Bangladeshi) form the largest expatriate group in the country.

Arabic is the official language of the UAE, although English is generally used in business settings and in everyday life. Islam is practised by the overwhelming majority, although there is a significant number of adherents of other faiths, namely Christianity and Hinduism.

## Business Culture

With the diverse landscape of the UAE, it is important to recognise and respect the country's various cultural differences. Loyalty and personal relationships are the key to doing business in the UAE. The business culture has long been more conservative than one may experience in Western countries. However, recently there has been a blending of eastern and western cultures with a general more relaxed attitude.

The government and the private sector are increasingly concerned about corporate social responsibility and are taking measures to promote more women in the workplace and discourage corporate crimes.

In general, the workday in the UAE runs for eight hours, from 9am to 5pm. In December 2021, the working week was changed to Monday to Friday (from Sunday to Thursday). Following this shift, the Emirate of Sharjah announced a four-day working week (Monday to Thursday) for the public sector.

## Other

The UAE's facilities are modern and generally excellent, including communications, air transport, and education. There are relatively few restrictions, allowing expatriates to generally lead a lifestyle substantially of their own choice.

## Legal System

2. What is the legal system based on in your jurisdiction?

The 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 at:

- The federal level (such as immigration and labour).
- The emirate level (such as natural resources within each emirate, including petroleum).
- Both the federal and emirate levels (such as company formation and registration).

Laws are enacted in Arabic at the federal and emirate level, and there are no official English translations. UAE courts operate on a three-tier system, with action being instituted first in the Court of First Instance and appeals are permitted (as a matter of right, with no leave to appeal) to the Court of Appeal and thereafter to the Court of Cassation/Union Supreme Court. The Court of First Instance and the Court of Appeal are considered trial courts, where proceedings before the Court of Appeal take the form of re-trial. Proceedings in the UAE courts are conducted in Arabic, and all pleadings and evidence must be submitted in Arabic.

However, the two financial free zones (the Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM)) have their own legal system and body of courts, which are based on a common law system. All proceedings in the ADGM and DIFC courts are conducted in English, unlike the onshore UAE courts where proceedings are conducted in Arabic.

## Foreign Investment

3. Are there any restrictions on foreign investment, ownership or control?

## Government Authorisations

A foreign company can establish its presence in the UAE by setting up a branch or forming a company. A branch or company must obtain a licence from the federal and/or emirate-level authorities to carry on its proposed activities. Certain industries, such as banking, insurance and investment, are subject to additional regulation. For example, entities undertaking financial, banking or insurance activities (depending on the nature of the activity) will need to obtain a licence from the *Central Bank* of the UAE. (This is in addition to the trade licence/commercial licence obtained from the relevant Emirate-level authority.)

In the past, a branch of a foreign company was required to appoint a UAE national sponsor (called a national agent). Such national agents had no ownership rights in the branch. Under Federal Decree Law No. 32 of 2021 on Commercial Companies (New Companies Law), a branch of a foreign company is no longer required to have a UAE national sponsor. However,

depending on the nature of the business activity, an authority that regulates the activity (other than the licensing authority) may still require the appointment of a UAE national sponsor (such as in the oil and gas sector).

## Restrictions on Foreign Shareholders

Generally, a foreign company/individual can establish a 100% foreign-owned entity in the mainland/onshore UAE. However, the following activities (as set out in Cabinet Decision No 55 of 2021 on the determination of the list of strategic impact activities) are considered to have a "strategic impact", in which 100% foreign ownership is still not permitted

- Security and defence activities and activities of a military nature.
- Banks, money exchange, finance companies and insurance activities.
- Printing currencies.
- Telecommunications.
- Hajj and umrah services.
- Fishery-related services.
- Quran Memorisation Centres.

## Restrictions on Acquisition of Shares

See above, [Restrictions on Foreign Shareholders](#).

## Specific Industries

The UAE has more than 40 free zones, including the:

- Jebel Ali Free Zone.
- Dubai Multi Commodities Centre.
- Dubai Airport Free Zone.
- Dubai South.
- DIFC.
- ADGM.
- Dubai Silicon Oasis.

In general, the free zones focus on different business areas (including shipping, commodities, media, financial services and telecommunications) and have their own regulators. 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 or prohibitions on doing business with certain countries or jurisdictions?

Federal Decree Law No. 4 of 2020 was issued following the announcement of the Abraham Accord with Israel in August 2020. This repealed Federal Law No.15 of 1972 concerning the Arab League Boycott of Israel and has resulted in:

- Israeli individuals and/or businesses now being permitted to set up businesses in the UAE.
- Individuals and companies in the UAE now being permitted to:
  - enter into agreements with parties in Israel;
  - transact business in Israel; and
  - import and trade in Israeli goods and products.

In 2021, the UAE (along with Saudi Arabia, Bahrain and the rest of the Gulf Cooperation Council (GCC) member states) lifted restrictions on dealings with Qatar.

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

5. What grants or incentives are available to investors?

## Grants

Funds are aimed to finance innovative small and medium enterprises (for example the Mohammed Bin Rashid Fund and the Khalifa Fund for Enterprise Development) although they are primarily established for the benefit of Emirati entrepreneurs. There are no specific grants available to foreign investors. However, foreign investors can benefit from:

- Certain financial incentives, for example, reduced utility rates and government grants in specific sectors, including certain benefits within the free zones. (The UAE Ministry of Investment does not specify which sectors receive such incentives; this is decided on a case-by-case basis).
- Various incentives offered in the free zones, for example, reduced rental rates and administrative support.

There are also other platforms aimed at supporting SMEs and start-ups in the UAE. These include the Abu Dhabi SME hub and e-Empower, which provide entrepreneurs with useful content and information on innovation, marketing, finance and project management. These platforms are open to entrepreneurs from any nationality.

Additionally, certain free zones often offer discounts for a limited period on registration and licence fees for new entities.

## Incentives

Various types of incentives are available for investors, including:

- 100% foreign ownership.
- Tax exemptions.
- Long-term residence visas (from five to ten years) for investors.

## Foreign 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 company laws, independent of the company law of the UAE. Foreign companies can establish branches, or representative offices, or incorporate wholly owned subsidiaries in the free zones, without the need to appoint a UAE national sponsor or have any UAE national ownership.

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 (subject to fulfilling the conditions under the newly introduced UAE corporate tax law).

Outside of the free zone areas, foreign nationals are now permitted to own 100% of a business entity in mainland UAE (see [Question 3](#)).

## Business Vehicles

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

### Main Business Vehicles

In onshore UAE, the New Companies Law provides for different types of corporate forms such as limited liability companies, private joint stock companies and public joint stock companies. The most common form of business vehicle used by investors in onshore/mainland UAE (that is, outside the free zones) is an onshore limited liability company (LLC). LLCs provide for the limited liability of their shareholders and the ability to trade in the UAE (outside the free zone areas). An entity established in one of the free zones of the UAE cannot carry on business outside the free zone area in the UAE.

### Business Vehicle Most Commonly Used by Foreign Companies

The most common form of business vehicle used by foreign companies is the LLC. Other common forms of business vehicles include establishing branches of a foreign company and the incorporation of companies in free zones. In free zones, the most common form of business vehicle used by foreign companies is a private company limited by shares. Holding companies and SPV structures are also becoming increasingly common forms of business vehicles used in free zones such as the ADGM and DIFC.

7. What is the main formation, registration and reporting requirements for the most common corporate business vehicle used by foreign companies in your jurisdiction?

## Registration and Formation

An LLC is formed by a memorandum of association 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 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, that the name cannot include the name of a country or government, and must strictly reflect the business activity). Similarly, each free zone has their own licensing and registration requirements. Unlike LLCs in onshore UAE that require all licensing documents to be in Arabic or bilingual, most free zones accept documents in the English language.

## 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, which must be audited by a licensed auditor. The audited financial statements are not currently required to be filed with any authority.

An LLC must annually renew its licence and registration with the local authorities.

The UAE has recently passed and implemented *Economic Substance Regulations* (Regulations), which are applicable to all licensed entities conducting "relevant activities". The relevant activities are listed in Article 3 of Cabinet Decision No 57 of 2020 and include the following:

- Banking business.
- Insurance business
- Investment fund management business.
- Lease-finance business.
- Headquarters business.



- Shipping business.
- Holding company business.
- Intellectual property business.
- Distribution and service centre business.

Entities that do not conduct relevant activities are outside the scope of the Regulations.

If an entity earns any income from one or more relevant activities during its financial year, it must meet the requirements under the Regulations, and must file with the *Ministry of Finance* (MoF) an:

- Annual notification within six months of the end of the relevant financial period.
- Economic substance report within 12 months of the end of the relevant financial period.

A notification must still be submitted to MoF by an entity conducting a relevant activity if did not earn any income from the relevant activity.

An LLC (and all other types of entities) must file details of its ultimate beneficial owners with the licensing authority. Any change in the details of an ultimate beneficial owner is required to be notified to the licensing authority.

## Share Capital

An LLC must have capital that is sufficient to achieve its purpose of incorporation. In practice, the level of the capital must 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. The New Companies Law prescribes that any contribution in kind must be accompanied by a valuation report which must be approved by the licensing authority in the relevant Emirate.

## 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). The New Companies Law sets out the rights and restrictions on shares of an LLC

**Restrictions on rights attaching to shares.** Shareholders of LLCs can have different rights under the memorandum of association of the LLC with regard to participation in management and the share of the profits. However, an LLC is not permitted to have different classes of shares.

**Automatic rights attaching to shares.** Shareholders have the following basic rights:

- The right to one vote in respect of each share held by them.
- The right to transfer their shares, subject to pre-emption rights of other shareholders.

- The right to share in the profits of the company, subject to certain statutory conditions and any restrictions in the memorandum of association regarding statutory reserves.

## Environment

8. What are the main environmental regulations and considerations that a business must take into account when setting up and doing business in your jurisdiction?

The key legislation for environmental protection in the UAE is Federal Law No. 24 of 1999 for the protection and development of the environment (Environmental Law). Other legislation has been introduced that deals with specific matters, for example, Federal Law No. 16 of 2007 concerning animal welfare.

Companies wishing to conduct business in a particular emirate must obtain the required environmental permits (to the extent the business activity is relevant to the environment) from the authorities that regulate environmental concerns in that emirate.

## Employment

### Laws and Contracts

9. How is the employment relationship established and regulated within your jurisdiction?

Employer-employee relationships in mainland UAE and the free zones (except the financial free zones of ADGM and DIFC) are regulated and governed by Federal Decree Law No. 33 of 2021 on the Regulation of Labour Relations (Labour Law) and its implementing rules and regulations. Under Article 8(3) of the Labour Law all employment arrangements must have a fixed term which can be renewed as agreed between the parties.

As part of the visa and employment formalities, the written terms of employment (that is, the offer letter and the employment agreement) must be submitted to the [Ministry of Human Resources and Emiratization](#) (MoHRE).

The employment agreement must be in Arabic or bilingual (typically Arabic and English) and must cover the following terms, as provided in Article 10 of Cabinet Decision No 1 of 2022:

- The details of the employer (such as name and address) and employee (such as name, nationality and date of birth).

- The term (which must be a fixed term) of the employment arrangement.
- The remuneration/wage of the employee.
- The job title and relevant qualifications of the employee.
- The date of the employment commencement.
- The working hours.
- The rest days.
- The probationary period.
- The agreed benefits and allowances of the employee.
- The annual leave entitlements related to the employment.
- The notice period.
- The procedures for terminating the employment contract.

Employment contracts will be governed by UAE law irrespective of the choice of law determined by the parties to the contract.

Different set of rules and requirements will apply to employers and employees in the free zones of ADGM and DIFC.

### **Termination, Dismissal and Employment Law Protection Rules**

10. On what basis can employees be dismissed? What are the main employment law protection rules in place?

#### **Termination Without Notice**

Under the Labour Law, an employer must give notice of termination to the employee. This is unless such termination is due to a cause falling under Article 44 of the Labour Law, which permits immediate termination of an employee without notice, provided the employer has conducted a written investigation with the employee, and the dismissal is in writing and justified. There are ten specific causes under which an employer can dismiss an employee without notice, and examples include:

- Forging documents.
- Committing a mistake that causes serious material loss to the employer.
- Absence from work:
  - without a legitimate reason for more than 20 intermittent days during a one-year period; or
  - for more than seven consecutive days.

Other causes are provided for under Article 44 of the Labour Law.

## Termination With Notice

Article 42 of the Labour Law lists grounds for termination of an employment contract, for example:

- The parties agree to the termination in writing.
- Expiry of the term specified in the contract (unless it is extended or renewed in accordance with the provisions of the Labour Law).
- At the request of either party (provided that the provisions of the Labour Law regarding termination of the employment contract and the notice period agreed on in the contract are observed).

Either party to an employment contract can terminate the contract for any legitimate reason, provided that the other party is notified in writing and works out their notice period agreed on in the contract. However, this is provided that the notice period is not less than 30 days and not more than 90 days (Article 43, Labour Law). Article 43 does not specify what reasons may be considered "legitimate". Accordingly, the UAE courts have full discretion to determine whether the reason for terminating the employment contract is legitimate based on the facts of the case.

## Unfair Dismissal

The Labour Law restricts the circumstances where the termination of employment by the employer would be considered arbitrary. The employee must file a serious complaint with the MoHRE and/or a lawsuit against the employer that has proven to be valid for the termination to be unlawful.

Article 4 of the Labour Law prohibits discrimination on the basis of race, colour, sex, religion, national origin, social origin, or because of disability

## Competition

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

Federal Decree Law No. 36 of 2023 (New Competition Law) came into force on 28 December 2023 and replaced Federal Law No. 4 of 2012 on Competition Law (Old Competition Law). The New Competition Law applies to all entities in relation to:

- Economic activities carried out within the UAE.
- The utilisation of IP rights within and outside the UAE.

- All economic activities outside of the UAE that have an effect on competition inside the UAE.

However, under Article 4 of the New Competition Law, the following have been expressly exempted from the application of the New Competition Law:

- Federal and government entities and entities owned by one of the Emirates' governments operating within the Emirate as determined by a decision of the local government.
- Any agreement or conduct relating to a specific good or service that is regulated by another law provided the other law deals with competition aspects of that sector.

The New Competition Law also provides for the accompanying regulations to the law, that is, the implementing regulations. However, the implementing regulations are yet to be issued, and it is not currently clear when they will be issued. The New Competition Law provides that the regulations, decisions and laws that had been issued based on the provisions of the old Competition Law will continue to be effective until a replacement thereof is issued in accordance with the provisions of the New Competition Law.

### Restrictive Agreements and Practices

The New Competition Law prohibits restrictive agreements between entities that may contravene, limit or prevent competition. The New Competition Law removed the exemption relating to restrictive agreements having a weak impact on competition if the overall share of contracting establishments does not exceed 10% of the total transactions in the relevant market. Therefore, the regulations have become more rigorous on anti-competitive and restrictive agreements.

The New Competition Law provides for fines between AED100,000 to 10% of the total annual sales realised by the violating entity. If the total annual sales cannot be determined for the last financial year, fines between AED500,000 and AED5 million will be imposed on the violating entity for entering into restrictive agreements. An entity violating the provisions of the New Competition Law can also be subject to criminal sanctions if such written request has been initiated by the UAE [Ministry of Economy](#). The criminal sanctions are referenced under Article 33 of the New Competition Law.

### Unilateral Conduct

Under the New Competition Law, an establishment is dominant if it possesses either directly or in collaboration with other establishments, the ability to control and affect the activity of a relevant market. The New Competition Law therefore defines the term "dominant position" broadly, unlike the Old Competition Law which considered an establishment to be in a dominant position if the establishment's total transactions exceed 40% of the market.

12. Are mergers and acquisitions subject to merger control?

### Transactions Subject to Merger Control

The New Competition Law requires entities to seek merger clearance from the Ministry of Economy if there will be an economic concentration. An economic concentration is defined under the New Competition Law as a transaction that leads to full or

partial transfer (merger or acquisition) of ownership or the right to use and benefit from the property, rights, stocks, shares, or obligations of an establishment to another such that this transaction grants an establishment or group of establishments direct or indirect control over another establishment or group of establishments

The New Competition Law has introduced the requirement to submit a merger clearance request to the Ministry of Economy if one of the two conditions relating to the annual turnover threshold or total market share threshold exceeds the limit set out in a Cabinet Decision (see [Question 11](#)). The New Competition Law requires a merger clearance request to be submitted to the Ministry of Economy at least 90 days before the relevant transaction is completed (instead of 30 days under the Old Competition Law).

## Foreign-to-Foreign Acquisitions

Foreign-to-foreign transactions must also be notified to the Ministry of Economy if they otherwise qualify for a filing.

## Specific Industries

The New Competition Law does not distinguish between industries and applies to all entities engaging in economic activities that meet the requirements of the New Competition Law.

## Intellectual Property

13. What are the main IP rights that are recognised in your jurisdiction?

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

## Patents

**Definition and legal requirements.** Under Article 5 of Federal Law No. 11 of 2021 on the Regulation and Protection of Industrial Property Rights (Patent Law), a patent can be granted to new inventions that:

- Are contrived from a creative idea or creative enhancement.
- Form an inventive step.
- Are capable of industrial application.

An invention is deemed to be new if it is not preceded by a previously publicised industrial technology before the date of the application. If a creative step is not sufficient to issue a patent, a utility certificate will be granted to the applicant by the Ministry of Economy.

**Registration.** Protection is achieved by registration under the Patent Law, which regulates the protection of patents, designs, industrial models and know-how, and is administered by the Ministry of Economy.

**Enforcement and remedies.** On a violation of any of their rights under the deed of protection (awarded by the Ministry of Economy), patent owners can request the Abu Dhabi Federal Appeal Court to award compensation for damages suffered as a result of the acts contrary to the Patent Law.

**Length of protection.** A patent is valid for 20 years from the date of the filing application. The patent owner must use it or adequately exploit it within three years from the date of issuance of patent. Any interested party can apply for a compulsory licence, according to the procedures set out in the Patent Law. A utility certificate is valid for ten years from the date of filing the application.

## Trade Marks

**Definition and Legal Requirements.** To be registered in the UAE, a trade mark must be distinguishable and not yet registered by another person. Registrability is at the Ministry of Economy's discretion.

**Protection.** Protection is achieved by registration under Federal Decree Law No. 36 of 2021 on Trademarks and is administered by the Ministry of Economy.

**Enforcement and remedies.** 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 and renewability.** A trade mark registration is valid for ten years from the date of filing the application and can be renewed for similar periods.

## Registered Designs

**Definition.** Designs are defined as any 2D or 3D decorative or aesthetic composition giving a special design that can be used as an industrial or artisanal product. To be registrable, a design must:

- Be new.
- Not violate public order or public morality.

**Registration.** Protection is achieved by registration under the Patent Law and is administered by the Ministry of Economy. An application is made to the Ministry of Economy for a deed of protection in relation to an industrial design.

**Enforcement and Remedies.** 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 and renewability.** The protection term for a registered design is 20 years from the date of filing the application for registration.

## Unregistered Designs

Unregistered designs are protected as an unregistered copyright (see below, [Copyright](#)).

## Copyright

**Definition and Legal Requirements.** Copyright can subsist in a wide variety of media, including (but not limited to):

- Written media.
- Verbal media.
- Musical recordings.
- Photographic media.
- Drawings.
- Smart applications, computer programs and applications, and databases.

**Protection.** Copyrights in the UAE are protected under Federal Decree Law No. 38 of 2021 on Copyrights and Neighbouring Rights, which is administered by the Ministry of Economy. 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 Economy to provide public notice of the copyright or to establish priority. A registered copyright does not receive greater substantive protection than an unregistered copyright.

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

**Length of protection and renewability.** A copyright is protected for the duration of the author's life plus 50 years, commencing on the first day of the calendar year following the year of their death.

## Confidential Information

Confidential information is not specifically regulated. However, a person can be liable for acts causing harm under the general provisions of Federal Law No. 5 of 1985 regarding Civil Transactions (as amended) (Civil Code) which includes harm caused by unauthorised use or publication of the personal or private information of another.

## Marketing Agreements

14. Are marketing agreements regulated?

## Agency

Federal Law No. 3 of 2022 on regulating commercial agencies, as amended (Commercial Agencies Law) regulates the appointment of commercial agents, sales representatives and distributors. A commercial agency is defined as any representation



of the principal by any agent under an agreement of agency, distribution, sale, offer, concession or the provision of a commodity or service, within the UAE, in return for a commission or profit. The UAE Commercial Agencies Law offers greater protection to commercial agents that are registered with the Ministry of Economy.

Federal Decree Law No. 50 of 2022 governing commercial transactions, as amended (New Commercial Code) augments the Commercial Agencies Law and establishes the regulatory framework for the various types of permitted commercial agencies. The New Commercial Code replaces Federal Law No. 18 of 1993 (the previous Commercial Code).

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.

**Primary requirements and characteristics of commercial agencies.** Commercial agents must be:

- UAE nationals.
- Companies incorporated in the UAE and owned by:
  - UAE nationals;
  - public legal person(s);
  - a private legal person that is owned by a public legal person(s); or
  - private person according to the criteria set out in the UAE Commercial Agencies Law.

The Commercial Agencies Law permits any international company (even if it is not owned by UAE nationals) to practice the commercial agency business for the products it owns, if the company can meet both of the following requirements:

- It does not have a commercial agent inside the UAE.
- The commercial agency is new and not previously registered in the UAE.

Commercial agents must be registered with the Ministry of Economy 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.

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.

## **Distribution**

Distributor contracts are treated as contractual agencies when they involve one agent as the sole distributor.

## Franchising

There is no specific legislation that regulates franchising in the UAE. The concepts of agency and franchising are often used interchangeably. It is common to have franchising arrangements outside the scope of the UAE Commercial Agencies Law, and such arrangements are mainly governed by the New Commercial Code. To the extent possible, foreign principals avoid the appointment of agents under the UAE Commercial Agencies Law.

## E-Commerce

15. Are there any laws regulating e-commerce?

In the UAE, e-commerce is primarily regulated by the following laws:

- Federal Decree Law No. 46. of 2021 on Electronic Transactions and Trust Services (Electronic Transactions Law).
- Federal Law No. 15 of 2020 on Consumer Protection (Consumer Protection Law).
- Federal Decree Law No. 34 of 2021 concerning the Fight Against Rumours and Cybercrime (Cybercrime Law).
- Federal Decree Law No. 42 of 2023 on Commercial Fraud.
- Federal Decree Law No. 31 of 2021 (Penal Code).

There are various other laws that may apply to e-commerce businesses in the UAE, such as the National Media Council regulations, anti-money laundering laws, data protection laws and laws concerning the type of goods and information available through e-commerce platforms.

These laws place obligations on companies doing business online in both a business-to-business and business-to-consumer setting.

16. Are online platforms regulated in relation to their use for marketing/sales purposes?

To conduct business from the UAE, online platforms must register an entity in the UAE and obtain a licence(s) from the appropriate licensing authorities. Online platforms must comply with the relevant laws and regulations applicable to entities established in the UAE. This is in addition to any rules and regulations specifically applicable for entities conducting business via the internet or telecommunication platform, which includes, but is not limited to consumer protection laws, data protection laws, cybercrime laws and internet guidelines issued by the Telecommunications and Digital Government Regulatory Authority.

# Advertising

17. How is advertising and sales promotions regulated in your jurisdiction?

## Digital Advertising

The National Media Council is the main regulator for advertising in the UAE. Administrative Decision No. 35 of 2012 concerning the Standards of Advertisement Content in Media applies to all advertisements that are produced, distributed or broadcast in the UAE including the free zones. The regulations determine the standard and control of the advertisement content published in various printed, audio and visual media. In October 2018, the National Media Council published an official advertising guide aiming to clarify standards for the advertisement industry in the UAE and to protect the public from marketing promotions that do not meet certain standards.

The National Media Council has also clarified that social media influencers must be licensed by the Council, if they accept paid advertisements to be published on their accounts.

## Direct Marketing

The Consumer Protection Law protects consumers' rights to have their data protected, kept secure and not to be used for promotional or marketing purposes (Article 4(5)).

## Sales Promotions

The Department of Economic Development (DED) for each emirate oversees electronic transactions for consumer-related commerce and enforces and implements the Consumer Protection Law.

Enforcement is carried out through published codes and policies. For example, the Dubai DED, has published codes on consumer protection, including a code regulating prize promotions.

Entities considering sales promotions (such as discounts, buy-one-get-one-free offers, free prize draws and competitions) must first obtain a permit from the relevant DED. The DED will consider the nature, quantity and value of any prizes and the time period of the promotion. The DED will also require a copy of the trade licence of the entity wishing to carry out the promotion, a copy of its lease and the payment of a fee.

## Data Protection

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

## Data Protection Laws

Federal Decree Law No. 45 of 2021 (Data Protection Law) was issued on 26 September 2021 and regulates the processing of personal data. The Data Protection Law applies to:

- Data subjects who reside or have a place of business in the UAE.
- Data controller(s) or data processor(s) established in the UAE (regardless of whether the processing of personal data is carried out inside or outside of the UAE).
- Data controller(s) or data processor(s) established outside of the UAE, but who carry out processing of personal data within the UAE.

"Personal data" is defined broadly under the Data Protection Law (in line with those used under the EU General Data Protection Regulation (Regulation (EU) 2016/679) (GDPR) and the data protection laws in the free zones such as the DIFC and ADGM) as any data relating to an identified or identifiable natural person. An identifiable person is one who can be identified directly or indirectly using identifiers such as name, voice, picture, identification number, online identifier, geographic location or one or more specific features that express the physical, psychological, economic, cultural or social identity of that person.

The Data Protection Law prohibits the processing of personal data without the consent of the data subject, unless the processing is for one of the specified reasons under the Data Protection Law, including (amongst others):

- If the data is necessary to protect the public interest.
- If the processing is necessary to protect the interests of the data subject.
- If the processing is for personal data that has become available and known to the public through an action of the data subject.

Consent must be given in a clear, simple, unambiguous and easily accessible manner.

Data processing under the Data Protection Law refers to any operation or set of operations performed on personal data using any electronic means, such as collection, storage, recording, organisation, adaption, alteration, circulation, modification, retrieval, exchange, sharing, use or classification, disclosure by transmission, dissemination or distribution or otherwise making it available, aligning, combining, restricting, blocking, erasing or destruction.

In addition to the Data Protection Law, there are certain laws that address data protection issues relating to the confidentiality of information, including:

- Article 31 of the Constitution, which provides for a general right of freedom and secrecy of communication by post, telegraph or other means of communication.
- Article 432 of the Penal Code, which prohibits any person entrusted with a secret due to their profession, occupation or specialisation from:

- disclosing the secret in other than lawfully permitted cases; or
  - using the secret for their own private benefit or for the benefit of another person without the consent of the individual.
- 
- Article 44 of the Cybercrime Law, which 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.

## Consumer Privacy Laws

Federal Law No. 2 of 2019 on the Use of Information and Communication Technology in Health Fields (Health Data Law) aims to regulate the collection, processing and transfer of electronic health data that originates in the UAE, and applies to all information and communication technology methods and uses in the healthcare sector in the UAE, either onshore or in any of the free zones (including the Dubai Healthcare City). The Health Data Law applies to all businesses that handle health data and information, such as:

- Healthcare facilities and providers.
- Pharmacies.
- Medical insurance providers and intermediaries.
- Service providers assisting with medical claims management.
- Technology service providers servicing the healthcare industry.

The DIFC and the Dubai Healthcare City Authority have passed comprehensive laws and regulations regarding data protection laws. Entities established in free zones must 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

19. How is product liability and product safety regulated?

The Civil Code contains general provisions imposing liability for harm done to others. These provisions can 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. 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).

The Consumer Protection Law provides protection to the consumer and holds a supplier liable for damages arising out of consumer contracts.

On 1 July 2019, the Federal Law No. 10 of 2018 on the Safety of Products (Product Safety Law) came into effect. The Product Safety Law aims to ensure the safety of products that are offered for sale in the UAE and requires a supplier to ensure that:

- The supplier does not offer for sale unsafe products in the UAE.
- A product remains safe after it is sold/rented and during normal and frequent use of that product.
- The supplier takes the necessary preventive and corrective measures determined by regulations in case of a change in the properties of a product or conversion of a product into an unsafe product due to normal use.

Regulatory Authorities

20. What are some of the key regulatory authorities relevant to doing business in your jurisdiction?

Competition

**Main Activities.** The Competition Department at the Ministry of Economy implements the competition law in the UAE.

**W** [www.economy.gov.ae](http://www.economy.gov.ae)

Environment

**Main Activities.** The Ministry of Climate Change and Environment (MOCCAE) has the leading role in formulating policies and enforcing statutes designed to protect the environment of the UAE.

**W** [www.moccae.gov.ae](http://www.moccae.gov.ae)

Financial Services

**Main Activities.** The Central Bank of the UAE is responsible for is formulation and implementation of banking, credit and monetary policies and ensuring the growth of the UAE economy.

**W** [www.centralbank.ae](http://www.centralbank.ae)

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#### Publications

- *Banking Regulation, 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).*
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