

Employment Affairs Office – Frequently Asked Questions (FAQs) on the ADGM Employment Regulations 2019

Employment in Abu Dhabi Global Market



A. Employment Contract & Records

1. Should an Employment Contract be issued?

A: The written contract of employment shall be provided to the Employee within a reasonable time, but in any event, not later than 1 month after the commencement of the employment.

Reference: Employment Regulations 2019 Section 5(2)

2. What are the types of records that an Employer needs to keep?

A: For each Employee, the Employer shall keep a defined set of documentation, examples include, a copy of the Employee's contract of employment, date employment began, etc. For the full list, please refer to section 11 (Employment records) of the ADGM Employment Regulations 2019.

Reference: Employment Regulations 2019 Section 11

3. Are there any specific requirements to be included in the Employment Contracts?

A: The Employment Regulations provide minimum standards and requirements. The parties can agree to terms more favourable to the Employee.

Reference: Employment Regulations 2019 Section 1(3)

B. Probation

1. Is the period of probation included for the purposes of calculation of gratuity and other termination benefits?

A: Yes, the probation period once completed, will be considered as employment with the Employer. It will be taken into account in calculating gratuity and other termination benefits.

2. Can the probationary period be waived?

A: Yes, the parties to the contract may agree to commence the employment without probation. Probation is not compulsory. Further, it is left to the discretion of the parties to agree upon the actual term of the probationary period subject to a maximum of six months.

Reference: Employment Regulations 2019 Section 9(1)

3. Can the Employer terminate Employee during probation period?

A: Yes. Either the Employer or Employee may terminate the contract of employment without cause on 1 week's written notice to the other or for cause without notice.

Reference: Employment Regulations 2019 Section 9(2)

C. Leave Entitlements

1. What is the vacation entitlement?

A: Employer shall give an Employee 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.

Reference: Employment Regulations 2019 Section 22(1)

2. Can accrued untaken leave be carried forward?

A: Yes, an Employee is entitled to carry forward his accrued untaken vacation leave up to a maximum 5 business days into the next year for a maximum period of 12 months after which the unused leave shall expire.

Reference: Employment Regulations 2019 Section 22(2)

3. Can Employers determine when vacation is taken?

A: Yes, an Employee should give an Employer at least 7 days notice of proposed leave, which the Employer may reject. Further, the Employer may require an Employee to take Vacation Leave on specified days by giving at least 7 Day's prior written notice to the Employee.

Reference: Employment Regulations 2019 Section 24

4. Can an Employee take vacation leave during the first year of employment?

A: Yes. During the first year of employment, the vacation leave entitlement for an Employee is limited to the amount deemed to have accrued at that time, less the amount of vacation leave already taken during that year, unless the Employer agrees otherwise.

Reference: Employment Regulations 2019 Section 25(1)

5. Can a part-time employee take vacation leave? What are the requirements?

A: The Employment Regulations, as currently drafted, do not include any specific provisions concerning part-time arrangements other than Section 32 (Pro-rata

entitlements for part-time Employees). This is a matter to be determined by the Employer's internal policy and/or contractually agreed with the employee.

Reference: Employment Regulations 2019 Section 32

6. What is the Maternity Leave entitlement in ADGM?

A: An Employee is entitled to at a minimum 65 business days of maternity leave. The terms of this leave entitlement are outlined within section 33 of the ADGM Employment Regulations 2019.

Reference: Employment Regulations 2019 Section 33

7. What is the Employee's payment entitlement during approved Maternity Leave?

A: (i) The first 33 business days of maternity leave: Normal daily wage; and (ii) the next 32 business days of maternity leave: 50% of the normal daily wage

Reference: Employment Regulations 2019 Section 34(1)

8. Is Maternity Leave taken out of annual vacation allowance?

A: No. Annual leave shall continue to accrue during maternity leave and may be taken separately. In addition, any national holidays falling on a business day within the maternity leave period shall be treated as additional leave thereby having the effect of extending the maternity leave by the period of the national holiday.

Reference: Employment Regulations 2019 Section 34(3)

9. Is the Employee entitled for bereavement leave?

A: ADGM Employment Regulations 2019 do not provide for bereavement leave. Generally, this is seen as a matter of internal company policy.

D. Working Hours & Overtime

1. What are standard working hours?

A: An Employee's working time shall not exceed an average of 48 hours for each 7 day period unless the Employer has first obtained the Employee's freely-given and informed consent in writing.

Reference: Employment Regulations 2019 Section 16(1) and RA Guidance Note – Employment in Abu Dhabi Global Market (Page 6)

2. Should overtime be paid for any additional hours worked?

A: Yes. Overtime compensation can be paid as either monetary or by time in lieu, or a combination of both, as decided by the Employer. Monetary overtime compensation is in addition to the Daily Wage and shall be payable at the rate of 25% of the Hourly Rate. For overtime worked between 9pm and 4am, the overtime compensation rate is 50% of the Hourly Rate.

Employees in managerial or supervisory positions, as well as those in positions where it is reasonably expected within that industry internationally that overtime compensation is not payable, are exempted from overtime compensation.

Reference: Employment Regulations 2019 Section 16

3. Are all Employees entitled for overtime payment?

A: Employees in managerial or supervisory positions, as well as those in positions where it is reasonably expected within that industry internationally that overtime compensation is not payable, are exempted from overtime compensation.

Reference: Employment Regulations 2019 Section 16(6)

4. Is remote working arrangement possible under the ADGM Employment Regulations 2019?

A: The ADGM Employment Regulations 2019 as currently drafted do not provide any provision for remote working. This is a matter to be agreed between Employer and Employee.

E. Termination

1. Who is eligible for an End of Service Gratuity?

A: An Employee who completed continuous employment of 1 year or more is entitled to a gratuity payment at the termination of the Employee's employment.

If the Employer terminates the contract due to Employee's acts such as Employee's misconduct, violation of employment contract and violation of ADGM Employment Regulations, End of Service Gratuity does not need to be paid.

Reference: Employment Regulations 2019 Sections 59(1)

2. How is End of Service Gratuity calculated?

A: End of Service Gratuity should be calculated as follows:

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

Provided that the total of the gratuity shall not exceed the wages of 2 years of service. End of Service Gratuity is calculated according to the latest paid basic wage.

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

Reference: Employment Regulations 2019 Section 59(2) & (3)

3. Is there any payment deadline for the Employer to arrange End of Service Gratuity and other expenses to the Employee upon termination of the contract of employment?

A: Yes. On termination of employment, an Employer shall pay all Wages and any other amounts owing to an Employee within 14 calendar days of such sums becoming due.

Reference: Employment Regulations 2019 Section 13

4. Upon termination of the contract of employment, is it mandatory for the Employer to bear repatriation expenses for the Employee?

A: Yes. On termination of an Employee's employment, the Employer is required to provide the Employee with a one-way repatriation flight to the Employee's country of origin unless (i) the Employee obtains alternative employment or visa sponsorship in the UAE within 30 Days; or (ii) the Employee has been dismissed for cause in accordance with these Regulations.

Reference: Employment Regulations 2019 Section 63

5. In the event of the contract termination, is the Employee responsible for visa cancellation and other expenses?

A: No. The Employer may not request or demand or accept any sum from the Employee as reimbursement for costs incurred by the Employer in respect of its obligations pursuant to section 4.

Reference: Employment Regulations 2019 Section 4 & 14(2)

6. Upon termination of an employment contract, how should the Employer calculate the Employee's accrued but untaken vacation leave?

A: Compensation in lieu of vacation leave shall be calculated using the Employee's Daily Wage applicable on the Employee's last day of employment. Daily Wage in the Regulations is defined as the compensation received by an Employee as Wages for services performed during a Business Day.

Reference: Employment Regulations 2019 Section 23(2) & 65

7. Does the Involuntary Loss of Employment ("ILOE") scheme apply to ADGM registered entities (Employer) and the Employees?

A: No. The ILOE scheme, which is also referred to as unemployment insurance scheme, is not mandatory in ADGM.

However, ADGM encourages all employees working for ADGM registered employers to register for the ILOE scheme as it provides financial security to employees who involuntarily lose their jobs (excluding the scenarios where the job loss is due to resignation or as a result of disciplinary action).

For more details, please visit ILOE website (www.iloe.ae).

8. Are there any requirements concerning termination due to redundancy?

A: The Employment Regulations, as currently drafted, does not include any provisions preventing an employer from terminating employment on the grounds of redundancy.

F. [Labour Disputes](#)

1. What should I do if I am in an employment-related dispute with my Employer/Employee?

A: The EAO cannot provide legal advice. We suggest seeking independent legal advice.

2. Can an Employee file a claim against the Employer before ADGM Courts?

A: Yes. If an employee is seeking for judicial assistance, he/she can approach the ADGM Courts for pro bono legal advice before filing a claim, or filing a claim directly (after fulfilling the procedural steps).

Pro bono is offered by ADGM Courts to persons who need legal assistance with a civil or commercial dispute or any other legal issue that falls within the jurisdiction of ADGM Courts and do not have the financial means to pay for such legal assistance. The assistance provided under the scheme involves an independent volunteer lawyer providing advice to an individual in relation to their legal issue at no cost.

For further details, please kindly submit your query to enquiry@adgmcourts.com.

3. What is the statutory limitation for employment-related claims in ADGM?

A: The statutory limitation period for filing employment-related claims with the ADGM Courts is 6 years.

Reference: Application of English Law Regulations 2015 (U.K. Limitation Act 1980)

4. Is it possible for an Employee to be accompanied by a third-party during an employer's investigation process concerning labour disputes?

A: The Employment Regulations, as currently drafted, does not contain any provisions in this respect. However, it would be prudent for the employer to allow the employee to be accompanied by a work colleague, where the subject matter allows this to happen.

G. General

1. Does the UAE Federal Labour Law apply in ADGM?

A: The UAE Federal Labour Law does not apply to ADGM registered entities and their employees.

Reference: Article 3(2) of Federal Law No. 8 of 2004 Concerning Financial Free Zones (which expressly dis-applies civil and commercial Federal laws from financial free zones)

2. Does the Emiratization apply for ADGM registered entities (Employer) and the Employees?

A: No. The federal Emiratization laws do not apply in ADGM.

Reference: Article 3(2) of Federal Law No. 8 of 2004 Concerning Financial Free Zones (which expressly dis-applies civil and commercial Federal laws from financial free zones)

3. What is the basic wage?

A: Basic wage is the Employee's wage excluding any allowances, bonus, commission, etc.

Reference: Employment Regulations 2019 Section 65

4. Is it mandatory for the Employer to provide health insurance to the Employee's dependents?

A: The Employment Regulations, as currently drafted, provides that the Employer is obliged to provide health insurance to the Employees. The Regulations are currently silent with regards to dependents and this is matter to be decided by the Employer's internal policy.

Reference: Employment Regulations 2019 Section 50

- END -