

## Contents

1. Operational Provisions	2
2. Licenses and Leases	2
3. Activities	4
4. Construction at the Parks	5
5. Park Regulations	6
6. Labour Rules	9
7. Security	14
8. Termination of Lease and License	14
9. Sanctions for the Breach	14
10. Others	16

## 1. Operational Provisions

- 1.1 These rules shall be strictly observed by the Free Zone Licensees, Employees, visitors, clients, contractors and everybody operating, visiting or working in the Ras Al Khaimah Free Zone.
- 1.2 It is required to have a valid Lease and a valid License to operate in the RAK Free Zone.
- 1.3 Licenses will not be renewed after 6 months of the expiry date. The facilities shall be repossessed upon expiration of the lease if not renewed.
- 1.4 All payments to the Free Zone Authority are required in advance and according to the established tariff.
- 1.5 Ras Al Khaimah Local Decrees, Regulations and Practices are applicable within the Free Zone unless otherwise prescribed in these rules. Any violation of these Decrees, Regulations and Practices shall be notified to the appropriate authorities.
- 1.6 Any violation of these Free Zone Rules is subject to penalties in accordance with the Violations section of these rules.

## 2. Licenses and Leases

- 2.1 The Licenses are valid in the RAK Free Zone only. Licensees cannot legally operate outside the RAK Free Zone premises, using a Free Zone License. Licenses shall be issued in accordance with the nature of the activities in the following categories:
  - a. **Industrial License**  
Activities allowed: Import raw materials; manufacturing, processing, assembling, packaging, and exporting finished product. Feasibility and environmental impact studies and clearance from RAK FZA are required.
  - b. **Commercial License**  
Activities allowed: Import, export, distribution, consolidation, storage or warehousing of items specified on the License. Maximum limit in a single License is seven similar product lines or two different product lines.
  - c. **Consulting and Service License**  
Activities allowed: Offering consulting services in management, finance, investment, legal issues, labour relations, economics (including feasibility studies), industrial development, marketing, and related subjects. Other services include logistical support such as: restaurants or food outlets, catering services, travel agencies, leisure and social activities, insurance, cargo and freight forwarding, accounting, and audition services. Maximum limit in a single License is two different categories.
  - d. **Commercial - General Trading License**  
A General Trading License can be obtained under a Commercial License, which allows for more than seven product lines.

## Eligibility for the Licenses

- 2.2 To qualify for the above Licenses, the applicant shall essentially have:
- a. Their projects approved commercially by Free Zone Management, legally by the Legal Department and technically by the Engineering Division (according to the nature and complexity of the project).
  - b. Relevant qualification and experience (either to the investor or manager) in case of a consultancy License.
  - c. A valid registration either from Ras Al Khaimah Economic Department or equivalent authority in any other Emirate or RAK Free Zone Authority or the concerned authority at place of incorporation outside the UAE.
  - d. A valid Lease in RAK Free Zone.
  - e. To conform with any Federal and/or Municipal Legislation applicable in the Free Zone and to all Free Zone Rules, Regulations and Notices.
  - f. Not over 90 days from the date of registration of the entity at RAK Free Zone (applicable only for the first License). In this case, the Free Zone Authority at its discretion may consider for a re-registration of the entity or a penalty or an ineligibility.

## Renewal of the Licenses

- 2.3 Free Zone Licenses will be valid for one year and are renewable annually provided that:
- a. The Licensee holds a valid Lease.
  - b. The Licensee holds a valid Operation Fitness Certificate (for factories).
  - c. The Licensee holds a valid Registration and Good Standing Certificate from the place of incorporation.
  - d. The Licensee submits an audited annual accounts statement from a UAE Registered Auditors (applicable only to FZE or FZC), to the Free Zone Accounts Section.
  - e. Not over 6 months after the expiry date.
  - f. All dues including Rent and License fee are paid in full.

## Other Matters Related to the License

- 2.4 Amendments on the License could be done on request, upon approval by the management and payment of the fee.
- 2.5 Licensees whose activities fall under different categories will be issued with separate Licenses for each category of activity (e.g. a Licensee who is carrying out both commercial and industrial will be issued two Licenses, one for the commercial activity and the other one for industrial).
- 2.6 To be eligible for obtaining two Licenses, the entities shall avail a minimum facility decided by the Authority from time to time. Maximum three valid Licenses are permitted at a time for one entity.
- 2.7 Companies are strictly forbidden from carrying out activities other than those appearing on their License. Companies violating this rule shall be liable for fines.

## Lease

- 2.8 On approval of the client's projects, the required facilities are allocated and formally leased to the client. All rents are payable according to the terms and conditions of the lease.

- 2.9 The Licensee at all times during the term of lease should keep and maintain the Premises clean, tidy, healthy and without any damages as existed on the Commencement Date of the Lease (reasonable wear and tear excepted). The Licensee should replace such of RAK Free Zone Authority's fixtures and fittings, in or upon the Premises, as may become worn out, lost, unfit for use or destroyed, by equally good or better substitutes.

#### Physically Functional

- 2.10 The Lessees of offices should ensure that their office is physically functional and attended during normal office hours by no later than 60 days from the commencement date of the lease.
- 2.11 The Lessees of Flexi Desk / Flexi Offices should ensure that they avail the facility at least two times a week from the commencement date of the lease.
- 2.12 The Lessees of Warehouses should ensure that their unit is physically functional and attended during normal office hours by no later than 90 days from the commencement date of the lease.
- 2.13 The Lessees of land, for custom-built units, should ensure that their premises are physically functional and attended during normal office hours by no later than 10 months from the commencement date of the lease.

#### Sub Lease

- 2.14 Sub Lease and sharing of the premises is not permitted in general.
- 2.15 Sharing of the premises shall be approved, however, if it is a subsidiary or a sister concern with the majority share holders being common in both and the facility is having minimum area as decided by the Free Zone Authority from time to time. In this case Licensees are not permitted to share their premises without a formal Sub Lease arrangement having been approved by the Authority.

### 3. Activities

- 3.1 Licenses issued by the Free Zone will only be valid in the RAK Free Zone.
- 3.2 Retail trading is not allowed inside the Free Zone Parks.
- 3.3 Manufacture and marketing of unlawful items is strictly forbidden.
- 3.4 All manufactured or labelled products exported from the Free Zone are required to mark them as "Made in UAE".

#### Operations in the UAE

- 3.5 Licensees are not permitted to display or sell their products or services themselves directly in the local market. However, the holder is permitted to operate outside the UAE.
- 3.6 Marketing Licensee's products or services in the UAE need to be undertaken either by an Agent, Representative, Distributor or the Mother Company with a License issued by relevant authorities in the UAE.

- 3.7 Potential customers may visit the premises of a Free Zone Licensee, in the Free Zone, for the purpose of viewing goods or availing the services.
- 3.8 The restrictions do not apply to Trade Exhibitions, which are approved by the relevant authority in the UAE. Free Zone Licensees may themselves display and sell their products or services at such exhibitions in the same way as any other foreign company.

#### Customs

- 3.9 Licensees should not move any cargo in/out of the Free Zone without documentation and Customs approval.
- 3.10 Subject to the provisions of UAE Customs law, all foreign goods, of whatever kind or origin may be, brought into the Free Zone and taken out to outside the GCC countries or to other Free Zones, will not be subjected to customs duties or taxes.
- 3.11 Goods taken out from the Free Zone, into the customs area are treated as foreign goods even if incorporating local raw materials or articles on which customs duties and taxes have been collected prior to their admission into the Free Zone.
- 3.12 The goods imported from the Free Zone into or out of the GCC countries shall be treated as foreign goods.
- 3.13 Any cargo in the Free Zone is subject to Customs Inspection.
- 3.14 Licensees should note that they must not break seals fixed on containers without Customs approval or in the presence of Customs Inspector; otherwise they are liable to penalties.
- 3.15 Licensees may import goods, equipment or machinery from the Free Zone into the UAE for repair or modification, or as exhibits on Customs approval, provided the items are subsequently returned to the Free Zone.
- 3.16 Samples of goods being brought into or out of the Free Zone should be declared to Customs.
- 3.17 Licensees must ensure that when they import goods, the name of the consignee on the Delivery Order must be the same as that on their Free Zone License. If the names differ, Customs cannot legally release the goods.

#### 4. Construction at the Parks

- 4.1 All construction works at the Free Zone parks must be in accordance with the Planning and Construction Regulations maintained by the Engineering Department, after obtaining the relevant approvals and observing the applicable Free Zone Rules.
- 4.2 A Construction Permit, from Free Zone Engineering Department, shall be obtained by the Licensee before any new construction work is started, or before any new constructional modification to existing premises is made. The permit is valid for six months, and will be renewed subject to engineering department approval.
- 4.3 The Licensee shall retain the services of a UAE registered engineering consultant registered and listed by the Free Zone Authority, to obtain a Construction Permit. The proposal along with drawings of the intended work, from the consultant, shall be submitted to the Engineering Department for review and approval.

- 4.4 The construction contract shall be assigned to a company approved by the Free Zone Authority.
- 4.5 A Building Completion Certificate will be issued when the Licensee's construction is completed to the satisfaction of the Engineering Department after inspection. This will allow occupation of the building and connection of electrical power. No charge is made for the issuance of a Building Completion Certificate and for the initial inspection for issuing the Building Completion Certificate. However, should any re-inspection be required, then this is chargeable.
- 4.6 Licensee's machinery shall be Installed and commissioned only after obtaining the Building Completion Certificate.
- 4.7 Before operations shall commence, an Operation Fitness Certificate is required. No operations shall commence without the Operation Fitness Certificate issued from the Engineering Department.
- 4.8 Such certificates are only required for factories or manufacturing units.
- 4.9 The Operation Fitness Certificate must be renewed annually, which must be done prior to renewal of the Free Zone License. Licenses cannot normally be renewed without the availability of a valid Operation Fitness Certificate.
- 4.10 The Licensee shall apply to the Engineering Department for approval, for any requirement to add or modify machinery or equipment. Upon completion of implementing the changes, an inspection will be required and when satisfactory, the Operation Fitness Certificate will be updated to include the changes. The period of validity of the changed Operation Fitness Certificate shall be from the date changes are made to end date of Free Zone License.

## 5. Park Regulations

### General

- 5.1 Licensees, Employees, visitors, clients, contractors and everybody operating, visiting or working in the Ras Al Khaimah Free Zone parks shall at all times keep and maintain the Premises clean, tidy and healthy.
- 5.2 Licensees shall not trade or place goods or any belongings or dispose any wastes outside the Premises.
- 5.3 Licensees shall not allow the Premises to be used to house or accommodate any persons or keep any animals inside.
- 5.4 Licensee shall not use the Premises for the storage of any combustible or explosive substance like petrol, kerosene, cooking gas etc or to carry on or permit to be carried on any offensive activities or for any purpose which may be a nuisance to the Free Zone or occupiers of neighbouring or adjacent Premises or which in the RAK Free Zone Authority's opinion is detrimental to the use and development of the Free Zone and to keep the Premises free from pollution of any kind.
- 5.5 Cooking is not permitted in any Free Zone Licensee's Premises.

### Inspection of Leased Premises

- 5.6 The Free Zone Authority has the right to inspect the premises of Licensee from time to time to ensure compliance with Free Zone Rules, Regulations and Requirements.
- 5.7 Inspections by any outside organisation, other than the Authority, or RAK Customs, is strictly prohibited, unless previously approved by the Authority. Any client being approached by any other unauthorised party for inspection or information should notify the Free Zone Administration Department immediately for the Authority to take appropriate action.
- 5.8 The Free Zone Authority reserves the right to enter a Licensee's premises at any time, without prior notice. However, consideration will be given, as appropriate and according to urgency, to the resulting disruption of the Licensee's ongoing processing requirements.
- 5.9 A Lessee, or his agent, shall render to the authorised representatives of the Free Zone, all necessary facilities for entry, inspection, examination and testing.
- 5.10 Licensees barring the Authority's authorized representatives/inspectors from entering the premises or hindering their tasks in any way are liable to be penalized.

### Building /Structure Insurance

- 5.11 Licensees are required to have their premises insured, as per the Lease Agreement.
- 5.12 The Licensee shall be responsible for arranging the insurance for the premises built or erected by the Licensee. The policy shall be sufficient to cover replacement costs of the structure, fixtures and fittings. The policy must be presented before the Building Completion Certificate is issued.
- 5.13 For premises erected by the Free Zone Authority, the insurance will be arranged by the Authority on behalf of the Lessee (Only Buildings and Structure). The insurance shall be in the name of the Free Zone Authority.
- 5.14 Insurance of contents of any building and structure, including office leases, shall be done by the Licensee. The Authority will not be liable for any loss or damage to Licensees' contents, due to any reason, including theft, fire or natural calamities.
- 5.15 Where any damage is incurred to pre-built premises, the Authority requires the Licensee to bear the required amount to cover the deductible amount which will not be paid by the Insurance Company.
- 5.16 All other insurances required shall remain the responsibility of the Licensee.

### Power, Water and Telecommunication

- 5.17 Connection and consumption charges of electric power and water for the offices at the Business Park of RAK Free Zone shall be paid by the Authority (for normal usage).
- 5.18 The standard available (decided by the Free Zone from time to time) electric power and water connection charges for the Warehouses at the Business Park shall be borne by the Authority. However, the usage charges shall be borne by the Licensee.
- 5.19 Licensee's who have availed Warehouses, Light Industrial or custom-built facility requires more power supply than the standard available, shall initially submit a request to Engineering Department, along with appropriate justifications. If approved, the client shall then be required to pay the full cost of providing the additional supply including the connection charges.

- 5.20 The telecommunication connections at the Business Park shall be provided exclusively by the Free Zone. The connection charges, instrument charges and usage charges shall be borne by the Licensee.
- 5.21 The Licensees having facilities at other parks shall avail the telecommunication connections through the service providers in the UAE.

#### Signboards and Nameplate

- 5.22 Licensees are permitted to erect suitable signboards on their premises for which they are responsible.
- 5.23 The design, size, wording, colouring and location of the signboard must be approved by the Free Zone Engineering Department prior to manufacture and erection.
- 5.24 The name must be as per the Free Zone License and the Client's logo can be included.
- 5.25 Office Lessees are required only to have a nameplate installed externally, adjacent to the office entrance. Nameplates shall be provided and installed by the Free Zone Authority on payment.
- 5.26 In the event of clients relocating /vacating premises, all signboards and nameplates must be transferred / removed by the Client.

#### Collection and Disposal of Wastes

- 5.27 The Licensee shall takes responsibility for the collection and disposal of wastes of all types from their premises in the Free Zone.
- 5.28 Free Zone Engineering Department has regulations to control the issue of collection and disposal of wastes. These regulations can be obtained from RAK Free Zone Engineering Department.
- 5.29 Failure to comply with the above, will result in fines or penalties being imposed by the Free Zone Authority.

#### Driving /Operator Licenses

- 5.30 Free Zone Park service roads are treated as public roads. Any driver / operator of a vehicle / equipment must be in possession of a valid Driving License issued by the Ministry of Interior, UAE and suitable for the class of vehicle / equipment being driven / operated.
- 5.31 Automobiles, all vehicles and mobile heavy / light equipment such as forklift trucks, including those whose operations are limited to the Licensee's premises, need to be properly Licensed by Ministry of Interior, UAE before they are put into use.
- 5.32 For new UAE Driving License, the Free Zone Authority will issue letter, for Employees of Licensees, to have their driving tests conducted by the Ras Al Khaimah Police at Ras Al Khaimah.

#### Vehicles

- 5.33 Licensees are not permitted to purchase any commercial vehicle (i.e. pick-ups, trucks, forklift etc) without obtaining prior approval from the Authority.
- 5.34 Employees sponsored by the Free Zone Authority can register private cars, but require a No-objection from the Free Zone Authority.
- 5.35 Licensees are not permitted to own vehicles having more than 1 ton capacity.

## 6. Labour Rules

### Working Hours and Holidays

- 6.1 The maximum normal hours of work for Employees shall be 8 a day and 48 a week.
- 6.2 The Employees will be entitled to Public Holidays as announced by the UAE Authorities for the private sector with full pay.
- 6.3 The daily hours of work shall be so arranged that no workers shall work for more than five consecutive hours without breaks for rest, meals and prayer amounting in aggregate to not less than one hour. Such breaks shall not be reckoned towards the hours of work.
- 6.4 The normal hours of work shall be reduced by two hours during the month of Ramadan and this will apply to all Employees, regardless of their religion. Any additional hours worked shall be entitled to overtime payments.
- 6.5 Where the circumstances of the work require a worker to work more than normal hours, overtime shall be paid at the rate of 25% more of the basic hourly rate, and overtime worked on Public Holidays shall be paid at the rate of 50% more of the basic hourly rate.
- 6.6 Shift working of Employees in any of the parks must be notified to the Free Zone Authority, Administration Department, in respect of number of shifts, hours and numbers to be employed per shift.

### Residence Visa and Staff Recruitment

- 6.7 Only the Free Zone Authority shall sponsor the staff who are to be engaged to work for Licensees in the RAK Free Zone.
- 6.8 In order to qualify for an investor visa, an individual must have invested not be less than AED 50,000.00 in the Free Zone entity. This is not applicable for branch entities.
- 6.9 A Licensee, who want to recruit staff, will be required to sign a Personnel Secondment Agreement with the Free Zone Authority. This agreement lays down the conditions under which the Free Zone Authority will act as sponsor for a Licensees' Employees.
- 6.10 The Employee need to submit the necessary documents required by the Naturalization and Immigration Department for approval of the visas in a particular category.
- 6.11 The Licensees should give a Bank Guarantee in respect of each Employee sponsored by the Free Zone Authority. The Free Zone reserves the right to request for a single Bank Guarantee, on case to case basis, to cover the anticipated total number of Employees.
- 6.12 The Free Zone Authority will waive the requirement for a Bank Guarantee in respect of a maximum of five company officials included in any of the following grades: Owner, Partner, Director, General Manager, Manager.
- 6.13 The Bank Guarantee for sponsored staff shall be calculated on the basis of Employee's one month salary plus the cost of a one way air ticket to the Employee's point of origin at the published IATA rate.
- 6.14 Staff sponsored by the Free Zone Authority may only work in the RAK Free Zone. The staff may live and travel anywhere in the UAE.
- 6.15 When a Licensee requires an Employee to work outside the Free Zone for some particular job [e.g. installation, repair, or maintenance of specialist equipment] the Free Zone Authority shall permit on a temporary basis.
- 6.16 Sponsored staff are only allowed to work with the Licensee they are seconded to. Under no circumstances they will be allowed to work for other Licensees, even during their free time or holidays. Licensees shall not recruit, employ or make use of Employees of other Licensees.

6.17 Transfer of Employees between the Licensees inside the Free Zone are permissible, provided, both the Licensees agrees and the Free Zone approves.

6.18 The Authority does not accept applications to transfer sponsorship to a company outside the Free Zone other than to Government organizations and other Free Zones.

#### Employing Non-sponsored Staff

6.19 Licensees can employ non-sponsored staff in the Free Zone, either temporarily or permanently, from the following category only:

- a. A female sponsored by parents or husband.
- b. Employee of a parent Company registered in the UAE.
- c. Employees sponsored by Sister Concerns of Licensees.

6.20 Approved non-sponsored staff must obtain the appropriate ID card or entry pass for entry into and out of the Free Zone parks.

#### Employment Contract, Minimum Salary and Other Benefits

6.21 Free Zone Licensees who will be recruiting Employees under the sponsorship of the Authority are responsible to bear the following costs. Under no circumstances will these expenses be charged to the Employee or deducted from his /her salary.

- a. Cost of processing the Entry Permit.
- b. Cost of air ticket from the Employee's point of origin.
- c. Cost of processing the Residence Permit.
- d. Cost of Health Card and Medical Check-up.
- e. Cost of Finger Print.
- f. Cost of renewal of Residence Permit and Health Card (including the cost of Medical Fitness Certificate).
- g. All Medical expenses incurred by the Employee during the sponsorship.

6.22 All sponsored Employees shall sign an Employment Contract and get it attested by the Free Zone on remitting the prescribed fee by the Free Zone. Those who are exempted from providing a Bank Guarantee are required to sign an undertaking in lieu of the Employment Contract to the effect that they shall not make any claims against the Free Zone Authority as Sponsor. The effective date of the contract shall be the date of entry on the employment visa, or with the transfer date at Immigration.

#### Passports

6.23 For security reasons, the Passports of the Employees of Licensees, who are sponsored by the Authority, should be deposited with the document storage companies or bank lockers listed by the Free Zone Authority. A receipt of the same shall be submitted to the Free Zone Administration.

6.24 The Employees shall make sure that they hold a valid passport at all times.

#### Salary and Leave

6.25 The salary and other benefits for staff recruited by Licensees may be negotiated between the Employer and Employee. But, the minimum salary acceptable to the Authority for sponsored staff is AED 500.00 per month plus food, accommodation and transport.

6.26 The Licensee shall pay the salary and all benefits due to the Employees in time and date scheduled.

- 6.27 The proof of payment and receipt of salary payment shall be submitted to the Free Zone Accounts Department upon request. Failure to prove the payment of salary will result in sanctions from the Free Zone.
- 6.28 Every worker shall, within each year of service, be granted a period of annual leave of not less than 30 days a year provided the workers service is more than 6 months.
- 6.29 All other leaves as per the prevailing labour law of UAE shall be applicable to the Employees.

#### Termination of Employment Contract

- 6.30 A contract of employment may be terminated in either of the following cases:
- a. By mutual agreement between the Employer and Employee and with the approval of the Free Zone Authority.
  - b. By the Employee or Employer during, or at the end of the probationary period (without notice).
  - c. By the Employee or Employer giving 30 days notice in writing (after the probationary period).
  - d. On expiry of the service period prescribed in the contract, provided 30 days notice not to renew is given by either party.
  - e. If the Employee dies during service.
  - f. Illness of, or injury to, the Employee resulting in a total incapacity to work (which is subject to the provision of a medical report by an acceptable Authority).
- 6.31 An Employer or Employee shall be entitled to 30 days notice before termination of service.
- 6.32 The Employee shall be entitled to full pay during the notice period. The Employee may be required to work during the notice period should the Employer so wish.
- 6.33 If an Employer reduces the notice period the Employee will be entitled to payment for the full notice period of 30 days, even if only part of the full period is worked.
- 6.34 If an Employee wishes to reduce the notice period the Employer will be entitled to receive payment from the Employee for any portion of the prescribed 30 days notice period not worked.
- 6.35 The Employee's contract may be terminated by the Employer without notice (subject to approval by the FZA), if the Employee:
- a. Adopts a false identity or nationality or submits forged certificates or documents.
  - b. During or on expiry of the probation.
  - c. Causes substantial loss to the Employer.
  - d. Violates safety rules.
  - e. Is finally convicted by any competent court for an offence involving honour, honesty or public morals.
  - f. Is found drunk or under the influence of drugs during working hours.
  - g. Are ill disciplined, assaults the Employer, higher authorities or work mates while at work.
  - h. Is absent for work without a valid reason for more than 7 consecutive days or over 20 days in one year.
- 6.36 An Employee may cease work without notice (subject to approval by the Free Zone Authority) if:
- a. The Employer fails to fulfil the terms of the contract of employment.
  - b. The Employer, or his representative, assaults the Employee.
- 6.37 Dismissal for any reason other than those in clause 6.35 shall be deemed to be an arbitrary dismissal. In such cases the Employee shall be entitled to compensation in addition to severance payments.

- 6.38 The amount of compensation to be paid shall be assessed by the Free Zone Authority and shall not exceed three times the basic monthly wage specified in the Employment Contract. The Authority's decision shall be final.
- 6.39 Where a change occurs in the form or legal status of an establishment, Employment Contract that were valid at the time of the change shall remain in force between the new Employer and the existing Employees of the establishment and their service shall be deemed to be continuous.
- 6.40 If an Employee transfers to another Employer, service will not be considered to be continuous unless special arrangements to the contrary are agreed.
- 6.41 The employment Gratuity and Severance payments shall be made in compliance with the prevailing Labour Laws of UAE.
- 6.42 On termination of service, (at end of contract or if the contract is terminated by the Employer prior to completion of contract), the Employer shall provide an air ticket to the International Airport nearest to the Employee's home. This is not applicable for Employees who had submitted their resignation without proper reasons (to be judged by the Free Zone Legal Department) or had not completed at least two years of service with the same Employer.
- 6.43 If an Employee's contract is automatically renewed in accordance with the Contract of Employment, then having completed his initial contract, he is entitled to an air fare either in the event of submitting his own resignation or on his dismissal, whenever this occurs.
- 6.44 The Employee, on termination of service may request, and the Employer shall provide if so requested, a Service Certificate to show period of service, work performed while employed, last drawn salary and a character reference. Such service certificate shall be provided free of charge.
- 6.45 The Authority is responsible for resolving any labour disputes arising between the Licensee and the Employee. Where the Legal Department fails to make the two parties reach agreement, then the matter shall be referred to the Free Zone Management by the Legal Department. The decision of the Free Zone Management shall be binding on both the Licensee and the Employee.
- 6.46 Any unexplained absence of seven days by a sponsored Employee must be notified by the Licensee to the Free Zone Authority Legal Department immediately on writing. The Free Zone Authority will then notify the Immigration Authorities and will also advertise the absence in the Local Press. The cost of such advertisements plus related costs will be chargeable to the concerned Licensee.

#### Reporting of Accidents or Serious Illness

- 6.47 In the event of an Employee suffering any serious or fatal accident, it shall be the Employer's responsibility to report it to the Free Zone Authority.
- 6.48 In the event of any Employee suffering from infectious disease, the Employer shall be required to promptly notify the Free Zone Authority.

#### Employees /Third Party Insurance

- 6.49 The Licensee's are required to take out Employer Liability, Third Party and Workmen's Compensation insurances from any of the Insurance companies in UAE.
- 6.50 Workmen's Compensation insurance must include cover for Death, injury / disability compensation and related medical expenses in accordance with both the Federal Labour Law and Free Zone Rules.

- 6.51 A copy of the Insurance Policy for the Employer liability, Third Party Liability and for the Workmen's Compensation must be forwarded to the Free Zone Legal Department. A Certificate from the Insurers is also to be addressed to the RAK Free Zone Authority.

#### Workmen's Compensation

- 6.52 An Employee who is the victim of an accident at work which results in total or partial permanent disability will be eligible for financial compensation. An accident, which occurs while travelling in the course of an Employee's duties, or going to or coming from work, shall be treated as a work related accident and these rules will apply.
- 6.53 The Employer will be responsible for payment for all medical treatment, including hospitalization costs needed by an Employee involved in such accident.
- 6.54 On submission of the relevant medical proofs, the Employer will pay an Employee who cannot work due to a work related accident, the monthly salary (including benefits other than travelling allowance). This payment will be made for three calendar months from the date of the accident. Thereafter, payment will be made at half the monthly salary rate for a further three-month period.
- 6.55 An Employee shall not be entitled to compensation in accordance with these rules if enquiries by the competent Authority establish that the Employee caused the accident through wilful neglect or misconduct, Intentional violation of safety regulations or being under the influence of drugs or alcohol.
- 6.56 In case of death resulting from an industrial accident, compensation of at least AED 35,000.00 will be payable by the Employer to the Employee's next-of-kin together with any other monies due.
- 6.57 If an Employee is wholly, or partially disabled, compensation will be payable by the Employer in accordance with the classification of the degree of disability made by a competent Medical Authority appointed by the Free Zone Authority, or the Department of Health and Medical Services.

#### Employees Accommodation

- 6.58 Accommodations for Licensees' Employees are available at the Industrial Park and Technology Park of RAK Free Zone.
- 6.59 Lessees who have leased Employee's accommodations are required to comply with all terms and conditions of the Tenancy Contract, Free Zone Rules and Accommodation Regulations. Non compliance will result in the termination of Tenancy Contract without notice.
- 6.60 Licensees wishing to accommodate their staff outside the Free Zone Labour accommodation must first seek the approval of the Authority. To obtain this approval, the following information should be submitted to Free Zone Operations Department:
- a. Detailed address and location of the premises which is to be used for accommodation.
  - b. The number of people who will be occupying each room.
  - c. Copy of the tenancy contract.
- 6.61 The Authority shall carry out regular inspections in order to ensure that these standards are maintained.

## 7. Security

- 7.1 All vehicles and personnel moving in and out of the Free Zone require to have the appropriate pass or permit.
- 7.2 Vehicles and personnel seeking entry into RAK Free Zone parks shall declare to the Free Zone Security, all articles, which is bringing into the parks and carrying out of the parks.
- 7.3 The Free Zone Security shall inspect or search the body or vehicle upon entry and exit from the parks.
- 7.4 Pass or permit holder shall not take photograph or film in any part of RAK Free Zone parks without prior permissions from the RAK Free Zone Authority. The Authority may with hold the permissions for no reasons.
- 7.5 All Licensees are required to lodge a second key of their premises with the Security Department to ensure ready access in the event of fire or other serious incident.
- 7.6 Lessees are required to provide details of a contact person to Security Department in order to facilitate fast responses in the event of fire, burglary or other incident.
- 7.7 Arms, ammunitions and explosives will not be allowed in or out of the Free Zone. Any violations will be notified to the appropriate Authority.

## 8. Termination of Lease and License

- 8.1 On expiry of the Lease term, the Licensee shall settle all outstanding administrative issues, including financial, with Free Zone Administration.
- 8.2 The Free Zone Authority has the right to take possession of any abandoned goods after the Lease termination date. The Free Zone Authority shall, at its discretion, auction the abandoned goods to expedite clearance of the facility and / or to recover any outstanding dues.
- 8.3 Free Zone reserves the right to terminate the Lease and cancel the License at any time or not permit to renew the License for appropriate valid reasons.

## 9. Sanctions for the Breach

### General

- 9.1 A Licensee in violation of any of the Rules and Regulations of the Free Zone and if it is not remedied to the satisfaction of the Authority even after notified written or oral, shall be liable to sanctions as the Authority may consider necessary from time to time.
- 9.2 The Free Zone Authority reserves the right to ban the entry or exit of the Licensee, shareholder, staff and/or goods, of Licensees who fail to remedy violations of Free Zone Rules.

- 9.3 The Free Zone Authority reserves the right to disconnect the utility services to the premises in the event that any accounts payable to the Authority or to FEWA are not paid within the prescribed period. A re-connection charge will be payable before the supply is restored.
- 9.4 If violations not remedied, following any additional warnings, the FZA reserves the right to repossess the facility and cancel the License.

#### Activity Violation

- 9.5 If the activities carried out by the Licensee, other than those appearing on their License, without the approval of the Authority shall be subject to a fine of AED 5,000.00 on each occasion.
- 9.6 The FZA shall initiate severe measures, including closure of the operations, if the unauthorised activities are of a very serious nature.

#### Employment and Accommodation Violations

- 9.7 Licensees found to be using services of Employees from other Licensee shall be fined AED 1,000.00 per person. Should a Licensee repeat this violation, then a fine of AED 3,000.00 per person shall be imposed and the operation of the Licensee shall be suspended for one month.
- 9.8 For each absconding Employee, in addition to all the actual costs incurred to cancel the visa, the Licensee shall be required to pay a fine of AED 1,500.00.
- 9.9 Licensee who fails to notify the Free Zone Authority about absconding (missing) Employees within 30 days will face a fine of AED 5,000.00 per occasion.
- 9.10 In the event of failing to immediately report any accidents, including minor one, to Free Zone Administration Department, the Authority shall levy a fine of AED 2,000.00.
- 9.11 Licensees failing to maintain the standards of external accommodation for Employees shall be issued with a warning letter giving them 30 days to remedy the situation. A fine of AED 500.00 per day shall be applied after the expiry of the time allowed until the Licensee rectifies the situation and obtains the approval of Free Zone Administration Department.

#### Construction and Operation Violations

- 9.12 Any unauthorised construction without approvals from the Free Zone Engineering Department will render the Licensee concerned liable to a fine of AED 2,000.00 for each instance and the removal of the construction at the Licensee's expense.
- 9.13 Licensees who require an Operation Fitness Certificate but do not possess one will be committing an offence and will be liable to a fine of AED 500.00 per day so long as the offence continues. The Authority also reserves the right to disconnect electricity supply in such cases and impose other measures as appropriate.

### Health, Safety, Environment and Parks

- 9.14 Unauthorised dumping of wastes, construction materials, mud or any other substance, within the Free Zone Parks is an offence and the following penalties will be imposed to the offenders and in all cases the dumped material must be cleared, either by the offending Licensee or by the Authority, who will charge the Licensee accordingly.
- a. 1st Offence - A fine of AED 1,000.00
  - b. 2nd Offence - A fine of AED 5,000.00
  - c. 3rd Offence - The offender will be denied access to the Free Zone
- 9.15 The Authority may apply severe penalties for serious violations of Health, Safety and Environment regulations like negligence leading to death or serious injury, discharge of untreated industrial waste or hazardous materials illegally, mishandling of dangerous goods or materials etc. The penalties will be judged on a case by case basis after making investigations. This will take into consideration the degree of seriousness of the violation and circumstances leading to the violation.
- 9.16 Licensees barring the Authority from entering the premises for any inspections or hindering their tasks in any way are liable for a fine of AED 5,000.00 on the first occasion. The fine will be AED 10,000.00 on any subsequent occasion.
- 9.17 In the event of an individual entering the Free Zone without the appropriate authorization and where such entry is as a result of a Free Zone Licensee aiding and abetting such an entry, then the Licensee shall be warned in the first instance. Any subsequent violations shall result in a fine of AED 1,000.00 per unauthorised person entry.

### Implementing Regulation Violations

- 9.18 In the case of any default by the FZE / FZC / Branches, its Shareholders, in compliance with the Implementing Regulations or terms and conditions of their Memorandum of Association, Articles of Association the Authority may impose a fine up to AED 1000.00 per day during the period of such non-compliance.

## 10. Others

- 10.1 Any provisions which are not specifically mentioned herein shall be observed in accordance with the prevailing decisions of the Free Zone Authority or existing Rules of the UAE to that extent which are not specified here above. In all cases the prevailing decisions of the Free Zone supersede the existing Rules of the UAE.
- 10.2 Free Zone Authority reserves the right to alter and / or amend any rules here above or include any new rules.