



# RAKEZ AUTHORITY OPERATING RULES OF 2023

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## PART 1. GENERAL

### 1. Title

These Rules may be cited as the “RAK Economic Zone Authority Operating Rules”.

### 2. Legislative Authority

(a) These Rules have been issued by the Board of Directors of RAK Economic Zone Authority, pursuant to Law No. 2 of 2017, promulgated by H.H. Sheikh Saud Bin Saqr Bin Mohammed Al-Qasimi, Ruler of Ras Al Khaimah.

(b) The Authority may issue amendments, addenda, guidelines, circulars, directives and policies in relation to any matter provided in these Rules.

(c) These Rules are available in electronic format on the Authority’s website at [www.rakez.com](http://www.rakez.com).

### 3. The Authority’s Jurisdiction

(a) The Authority’s jurisdiction extends to the Free Zone Area and the Non-Free Zone Area, for which the Authority may issue a License to Free Zone Entity and a Non-Free Zone Entity, respectively.

(b) A Free Zone Entity shall be governed by regulations and rules issued by the Authority, including these Rules, as well as applicable federal and local laws and decrees.

(c) A Non-Free Zone Entity shall be governed by these Rules, as well as all federal and local laws and decrees. In addition, a Non-Free Zone Entity shall abide by all requirements of RAK DED. A Non-Free Zone Entity shall liaise with RAK DED through the Authority.

(d) A Free Zone Entity and Non Free Zone Entity is required to at all times abide by these Rules, all applicable United Arab Emirates federal and local laws, decrees, regulations, rules as well as all international treaties entered into by United Arab Emirates.

### 4. Application of the Rules

(a) These Rules apply in the Free Zone Area and Non-Free Zone Area of the Authority’s Zone, to Free Zone Entities and Non-Free Zone Entities, as well as to an Employee or a person working in the Authority’s Zone.

(b) These Rules shall apply in addition to the applicable federal decrees, laws, rules and regulations of UAE and the applicable local laws, decrees and resolutions of Ras Al Khaimah.

### 5. Commencement

These Rules shall come into effect on the date of issue.

### 6. Repeal

These Rules shall repeal notifications, circulars and directives issued by the Authority in relation to the subject matter of these Rules, prior to the date of issuance of these Rules.

### 7. Limitation of Liability

The Authority nor its officers, employees or agents shall be liable for any loss suffered by a person as a result of an act or omission by the Authority or its officers, employees or agents in the performance or non-performance of their functions under these Rules.

### 8. Definitions

In these Rules the terms listed below shall have the corresponding definition, unless the context requires otherwise:

Approved List	a list of building contractors and engineering consultants approved by RAK Municipality to perform Building Works (and other related services) in the Authority's Zone.
Associated Company	a company shall be an associated company of another company when 51% or more of both companies' shareholding is held by the same shareholders.
Authority	RAK Economic Zone Authority established pursuant to Law No. 2 of 2017, promulgated by H.H. Sheikh Saud Bin Saqr Bin Mohammed Al-Qasimi, Ruler of Ras Al Khaimah.
Building Permit	a building permit issued by the Authority to a Licensee under these Rules, authorizing the Licensee to undertake Building Works.
Building Regulations	building regulations, standards, rules and requirements of the Authority.
Building Works	the building works performed (or proposed to be performed) by a building contractor on the Approved List, for the construction of a building or for the alteration of an existing structure at Leased Premises in accordance with the Building Regulations.
Completion Certificate	a 'Building Completion Certificate' issued by the Authority under these Rules, confirming that a building has been constructed in accordance with the Building Regulations or issues by RAK Municipality.
Court	the court of law in RAK.
Design	designs, drawings, specifications, plans, models, reports and calculations for Building Works.
Employee	an employee of the Licensee who may be a Sponsored Employee or a Non-Sponsored Employee.
Employment Agreement	includes the Authority's Employment Contract and any supplemental employment agreement between the Licensee and the Employee.
Employment Contract	the employment contract prescribed by the Authority between a Sponsored Employee and a Licensee containing the minimum conditions of employment.
Free Zone Area	an area designated by the Authority offering Premises to be leased by a Free Zone Entity under a Lease Agreement (or its equivalent).
Free Zone Entity	has the meaning given to it in Rule 9.1(a)
Labour Law	Federal Decree - Law No. (33) of 2021 including its implementing regulations.
Lease Agreement	an agreement between the Authority and a Licensee for a lease of a Premises.
Leased Premises	a Premises for which a lease has been granted to a Licensee by a Lease Agreement, Leasehold Agreement, Sub-Lease Agreement or Musataha Agreement.

Leasehold Agreement	an agreement between the Authority and a Licensee for a use of a Premises which is completed building for certain period of time.
Licensee	a Free Zone Entity, a Non-Free Zone Entity, a branch of a company or such other entity licensed by the Authority to operate in the Authority's Zone.
License	a license issued by the Authority to a Licensee to conduct a licensed activity in the Authority's Zone.
Musataha Agreement	an agreement between the Authority and a Licensee pursuant to which a right of musataha, as defined in Article (1353) of the UAE Civil Code, is granted in respect of a Leased Premises.
Non-Sponsored Employee	an employee of a Licensee who is not sponsored by the Authority but is approved by the Authority to be employed by a Licensee pursuant to Rule 14.5.
Non-Free Zone Area	an area designated by the Authority offering the Premises to be leased by a Non-Free Zone Entity under a Lease Agreement (or its equivalent).
Non-Free Zone Entity	has the meaning given to it in Rule 9.1(b).
Operation Fitness Certificate	certificate issued by the Authority in accordance with these Rules authorizing occupation of a pre-built warehouse or customized facility built on a plot of land.
Premises	a premises in the Authority's Zone, including a building, office space, co-working spaces, warehouse, factory, retail shop, shell and core plot of land and labor accommodation.
Registrar	the Registrar of Companies duly appointed by the Authority.
RAK	the Emirate of Ras Al Khaimah.
RAK DED	the Department of Economic Development of Ras Al Khaimah.
Security Interest	has the meaning given to it in Rule 11.
Security Register	a register for the registration of a Security Interest maintained by the Registrar.
Services	utilities services including electricity, telecommunication, water and sewerage.
Sponsored Employee	an employee of a Licensee who is sponsored by the Authority and is employed with a Licensee pursuant to an Employment Agreement.
Sub-Lease Agreement	an agreement between a Licensee and another Licensee for the sub-lease of a Leased Premises.
Subsidiary	a company is a subsidiary of another company when 51% or more of its shareholding is held by the other company.
UAE	United Arab Emirates.

UAE Civil Code	The Law of Civil Transactions of the United Arab Emirates.
Violation Code	a code issued by the Authority prescribing fines and penalties for infractions/violations.
Visa Security Deposit	the amount deposited by the Licensee for an Employee sponsored by the Authority.
Zone	the area under the jurisdiction of the Authority, including the Free Zone Area and Non-Free Zone Area.

## PART 2. SUBSTANTIVE PROVISIONS

### 9. Entities and Licenses

#### 9.1 Type of Entities

These Rules recognize the following entities:

- (a) Free Zone Entity: a limited liability entity, or a branch, as permitted by the Authority, incorporated in the Free Zone Area. A Free Zone Entity shall obtain a License from the Authority; and
- (b) Non-Free Zone Entity: a limited or unlimited liability entity, or a branch, as permitted by the Authority and RAK DED, to be incorporated in the Non-Free Zone Area. In addition to a License from the Authority, a Non-Free Zone Entity shall obtain a License from RAK DED.

#### 9.2 Activities

- (a) A certain number of activities in a category, as prescribed by the Authority, can be combined under a License. Activities under a category different to the one licensed to a Licensee, may require the issuance of a separate License.
- (b) Free Zone Licenses issued by the Authority are valid only in the Free Zone Area. A Licensee wishing to operate outside the Free Zone Area shall do so subject to the applicable laws of the jurisdiction the Licensee wishes to operate in.
- (c) A Licensee shall not carry on activities other than those for which it is licensed in terms of a License.
- (d) The Authority may impose restrictions or conditions on a License. A Licensee may request in writing a waiver on such restrictions or conditions, which the Authority may grant in its absolute discretion.
- (e) Licensees, Employees and other persons in the Authority's Zone shall at all times comply with the rules, regulations and procedural requirements of the Authority and other authorities that have jurisdiction in the Authority's Zone, such as Customs, Civil Defense and Environment Protection and Development Authority (EPDA).

#### 9.3 Categories of License

The categories of License available within the Free Zone Area are as follows:

##### (a) Industrial License

An Industrial License may be issued for activities such as manufacturing of goods including import of raw materials, processing, manufacturing and assembling the same, packaging and ultimately exporting the finished product.

##### (b) Commercial License

A Commercial License may be issued for activities such as trading in goods including import, storage, warehousing,



supply and export of permitted goods.

(c) Service License

A Service License may be issued for activities such as provision of services including consultancy services in management, legal, insurance, accounting, human resource, marketing and other services.

(d) General Trading License

A General Trading License may be issued for activities such as trading in goods including import, storage, warehousing, supply and export of permitted goods, of any number of similar or different product categories.

(e) E-Commerce License

E-Commerce License may be issued for activities such as trading in goods and services over electronic networks via electronic means.

(f) Educational License

Educational License may be issued for education providers such as universities, schools and nurseries and educational support services and professional and management training.

(g) Media License

A Media License may be issued for media-related activities such as broadcasting, publishing of titles such newspapers and magazines and event management,

(h) Individual/Professional License

An Individual/Professional License is a single-owner license that may be issued to carry out one activity in a specific specialty or expertise.

(i) Freelance Permit

A Freelance Permit may be issued to individuals such as editors, composers, actors and commentators on a sole practitioner basis to conduct the business in the birth name.

The categories of License available within the Non- Free Zone Area are as follows:

(a) Industrial License

An Industrial License may be issued for activities such as manufacturing of goods including import of raw materials, processing, manufacturing and assembling the same, packaging and ultimately exporting the finished product.

(b) Commercial License

A Commercial License may be issued for activities such as trading in goods including import, storage, warehousing, supply and export of permitted goods.

(c) Professional License

A Professional License may be issued to service providers and professionals to carry out activities such as provision of services including, medical services, consultancy services in management, legal, insurance, accounting and auditing services, human resource, business, industrial development, marketing and other services.

#### 9.4 Application Process

A Free Zone Entity or Non-Free Zone Entity shall be incorporated in the following manner and order:

- (a) An application for a License shall be made to the Authority specifying:
  - (i) the name and details of the applicant and shareholders;
  - (ii) the category of the License and proposed activities;
  - (iii) the name and details of the proposed manager; and
  - (iv) the other information required by the Authority.
- (b) An application for a License shall be accompanied with:
  - (i) an application for lease of a Premises, which shall be suitable for the category of License applied for and the number and type of Employees proposed to be employed and, if required, an application to enter into a Musataha Agreement;
  - (ii) documents specified by the Authority for the License and lease of a Premises;
  - (iii) a business plan detailing the proposed business, required financial investment, evidence of sufficient liquidity of the prospective shareholders or their access to funding, number of employees, their job description and proposed salaries, anticipated consumption of Services, nature of Premises required, waste disposal measures, and other material information.
  - (iv) Pre-approvals, permits or no objection certificates from relevant government authorities, as applicable.
- (c) On receipt of the applications, the Authority may, subject to availability, offer a Premises to be leased which may be reserved by the applicant on terms and conditions offered by the Authority;
- (d) Once the Premises is reserved and if the Authority approves the application for the License, the applicant shall:
  - (i) execute the Lease Agreement, Leasehold Agreement, Sub-Lease Agreement or Musataha Agreement, as the case may be; and
  - (ii) make payment for the lease of the Premises under the Lease Agreement, Leasehold Agreement, Sub-Lease Agreement or Musataha Agreement, and make full payment for the License and any other fees and charges of the Authority.
- (e) On completion of the process in Rules 9.4(a) to 9.4(d), the Authority shall issue the License. The License for a Non-Free Zone Entity shall be issued before RAK DED issues its license.

#### 9.5 Manager

- (a) A Licensee shall appoint a manager who shall be a natural person or corporate entity and whose name appears on the trade license. A manager shall have such authority as granted by the Licensee. A manager shall be deemed to be an authorized representative of the Licensee in dealings with the Authority.
- (b) For all aspects concerning the appointment of a corporate entity as manager, the Authority (or through the Registrar) will issue from time to time relevant guidelines or circulars.

#### 9.6 Variation of a License

- (a) A Licensee shall apply to the Authority to effect a change in information contained in a License, which change shall take effect on issuance of an amended License by the Authority.
- (b) An application under Rule 9.10(a) shall:
  - (i) be in the format and manner specified by the Authority;
  - (ii) detail the proposed amendment and be accompanied by a relevant shareholders' resolution and other

supporting documentation, particularly where the variation affects the business plan submitted to the Authority; and

- (iii) be accompanied the applicable fee as specified by the Authority.

## 9.7 License Term

- (a) A License shall be valid for at least twelve (12) months.

- (b) Renewal

- (i) A Licensee shall apply for renewal of a License no later than thirty (30) days prior to the date of its expiry. Failure to renew the License within the stipulated time may result in penalties determined by the Authority.

- (ii) An application for renewal of License shall be accompanied by:

- (1) valid Operation Fitness Certificate for warehouses and customized facility built on a plot of land;
- (2) valid registration or good standing certificate from the place of incorporation;
- (3) no objection certificate from the competent government authorities, if applicable;
- (4) copies of valid requisite insurance policies;
- (5) evidence of payment of rent, service and other charges due and payable in connection with the Leased Premises;
- (6) the renewal fee as specified by the Authority; and
- (7) any other requirement imposed by the Authority at the time of renewal.

Grant of renewal of License shall be subject to the Authority's discretion.

## 10. Lease

### 10.1 General

A Free Zone Entity shall obtain a Premises in the Free Zone Area. A Non-Free Zone Entity shall obtain a Premises in the Non-Free Zone Area.

### 10.2 Types of Agreements

- (a) The Authority permits the lease or utilization of a Premises through a Lease Agreement, Leasehold Agreement, Sub-Lease Agreement or Musataha Agreement. A Musataha Agreement shall be governed by the UAE Civil Code.
- (b) The Authority may prescribe the form of a Lease Agreement, Leasehold Agreement, Sub-Lease Agreement or Musataha Agreement.

### 10.3 Types of Premises

- (a) Office Space

A Licensee shall ensure that a Leased Premises that is an office space is operational within sixty (60) days from the commencement date of the Lease Agreement, or any other period as may be prescribed therein. A Licensee leasing an office space shall ensure that the office space is functional and attended by its employees during normal office hours.

- (b) Vacant Land

- (i) A Licensee wishing to construct a facility on its Leased Premises to its specification and design can do so by entering into a Musataha Agreement subject to the Authority's approval. All construction works must be carried out and completed in accordance with the Musataha Agreement, and the rules and regulations in

relation to planning and construction as issued by the Authority. The construction shall be completed and Leased Premises shall be operational within eighteen (18) months from the date of Musataha Agreement, or any other period as may be prescribed therein.

- (ii) A Licensee shall register a Musataha Agreement with such authority that has the power to register the same and shall pay the applicable registration fees.

(c) Warehouse

A Licensee shall ensure that a Leased Premises that is a warehouse is operational within ninety (90) days from the date of the Lease Agreement, or any other period as may be prescribed therein.

(d) Employee Accommodation

Accommodation for Employee is available in the Authority's Zone. A Licensee shall comply with regulations and rules, including these Rules, issued by the Authority in relation to Employee's Accommodation. It is required that only the Employee will occupy and use the Accommodation.

(e) Building

A Licensee shall ensure that the Building is operational within ninety (90) days from the date of the Leasehold Agreement or Lease Agreement, or any other period as may be prescribed therein.

(f) Retail Shop

A Licensee shall ensure that the Leased Premises which is a retail shop is operational within sixty (60) days after the relevant fit – out period, or any other period as may be prescribed in the Lease Agreement.

(g) Shell and Core

A Licensee shall ensure that the office is operational within sixty (60) days after the relevant fit – out period, or any other period as may be prescribed in the Lease Agreement.

(h) Co-working spaces

The utilization of the co-working spaces is governed by standard terms and conditions issued by the Authority and accepted by the Licensee.

#### 10.4 Assignment of Lease

- (a) A Licensee with a Leased Premises which is a plot of land constructed thereon a partially or fully completed Building ("Assignor") may enter into Assignment of Lease Agreement with another Licensee ("Assignee") subject to the written approval of the Authority.
- (b) In considering the request of the Assignor and Assignee to enter into Assignment of Lease Agreement, the Authority will require that:
  - (i) the Assignor does not have dues outstanding towards the Authority;
  - (ii) the Assignor and/or the Assignee submit clearances from relevant third party such Etihad WE, Etisalat and RAK Custom to the Authority,
  - (iii) the Assignor submits document showing its transaction with the Assignee in respect of the assignment of lease/transfer of the building facilities or other structures on the Leased Premises;
  - (iv) the Assignee must be of a financial status at least equal to that of the Assignor; and
  - (v) the Assignee, if not licensed by the Authority, must submit an application to be issued with a License;

- (c) The Authority may specify pre-conditions to completing any Assignment of Lease including increase of lease rent rate and payment of any such administrative fees as may be determined by the Authority from time to time.
- (d) The Authority reserves its rights to withhold its approval in case the terms and conditions of the assignment of lease are unacceptable as determined solely by the Authority.
- (e) In case the constructed Building facilities or other structures on the Leased Property is mortgaged, any assignment of lease, must have a prior written consent from the relevant bank or financial institution.
- (f) The Assignee must check the building quality, stability and safety and to regularize all the existing Buildings and provide fitness certificate through its assigned RAK Municipality certified consultant and obtain Completion Certificate for those Buildings.
- (g) Any Assignment of Lease shall be completed by way of a tri-partite agreement (upon the Authority's form for such agreements) first signed by the Assignor and the Assignee. Until the Authority has signed such agreement the Lessee shall remain obliged to fulfill its obligations under the Lease contract in full.
- (h) In case of Assignment of Vacant Plots, the original Lease Agreement shall be terminated, and the Assignor shall be liable to pay the penalty for early termination provided for in the Lease Agreement, and the Authority shall enter into a new Lease Agreement with the Assignee with such terms and conditions as may be agreed upon and shall have the right to increase the rent to the fair market value.
- (i) The terms and conditions contained in Rule 10.4 (a) to (g) are applicable in the assignment of a building covered by a Leasehold Agreement.
- (j) The Authority's policy on lease assignment issued from time to time shall also be observed by the Assignor and Assignee.

#### 10.5 Sub-Lease of Vacant Plots

- (a) A Licensee with a Leased Premises which is a plot of land ("Sub-Lessor") may enter into a Sub-Lease Agreement with another Licensee ("Sub-Lessee") subject to the prior written approval of the Authority. In considering the request of the Sub-Lessor and Sub-Lessee to enter into a Sub-Lease Agreement, the Authority may require that:
  - (i) the Sub-Lessor holds a valid Lease and does not have dues outstanding towards the Authority;
  - (ii) the Sub-Lessee shall possess a License in a manner that the Sub-Lessor is a Subsidiary of the Sub-Lessee or the Sub-Lessee is a Subsidiary of the Sub-Lessor, or the Sub-Lessor and Sub-Lessee are Associated Companies
  - (iii) the Sub-Lessor and Sub-Lessee shall have sufficient space in the Premises for the activities for which they have been granted a License, without jeopardizing their respective operations; and
  - (iv) the Sub-Lessor shall be jointly and severally responsible and liable for the activities of the Sub-Lessee.
- (b) If the Authority approves a Sub-Lease, the Sub-Lessor shall be required to pay an annual fee, as per the Tariff issued by the Authority from time to time.
- (c) The Sub-Lease Agreement shall be on the Authority's standard form as amended from time to time.
- (d) The Sub-Lease Agreement shall govern the relationship of the Sub-Lessor and Sub – Lessee in respect to the Leased Premises being sub-leased and any terms and conditions therein shall not be revised, modified or amended without the written consent of the Authority.
- (e) The Authority has the right to terminate the Sub-Lease Agreement
  - (i) if (at Authority's sole discretion) it is not suitable for the Sub-Lessor and Sub-Lessee to continue with the Sub-Lease Agreement;

- (ii) in case the Sub-Lessor ceased to be a Subsidiary of the Sub-Lessee or the Sub-Lessee ceased to be a Subsidiary of the Sub-Lessor;
- (iii) the Sub-Lessor and Sub-Lessee are no longer Associated Companies
- (f) A Sub-Lessee is prohibited to assign its rights under a Sub-Lease Agreement for any purpose (including offering such rights as collateral/security to a loan or credit facilities)
- (g) A Sub-Lease Agreement shall not contradict the Lease Agreement and in case the Sub-Lease Agreement contradicts with the Lease Agreement, the latter shall prevail.
- (h) The duration of the Sub-Lease Agreement shall not exceed the period of the Lease Agreement. The Sub-Lease Agreement shall be deemed terminated on the expiration or termination of the Lease Agreement.
- (i) The Authority's policy on sub-lease issued from time to time shall also be observed by the Sub-Lessor and Sub – Lessee.

## 10.6 Sub-Lease of Buildings

### 10.6.1 Building Constructed by the Licensee

- (a) A Licensee with a Leased Premises which is a plot of land constructed thereon by the Licensee a fully completed Building ("Sub-Lessor") may enter into a Sub-Lease Agreement with another Licensee ("Sub-Lessee") for all or part of the Building subject to the prior written approval of the Authority. In considering the request of the Sub-Lessor and Sub-Lessee to enter into a Sub-Lease Agreement, the Authority may require that:
  - (i) the Sub-Lessor holds a valid Lease and does not have dues outstanding towards the Authority;
  - (ii) The Sub-Lessor holds a Completion Certificate issued by the Authority in respect of the Building being sub-leased
  - (iii) the Sub-Lessee shall possess a License for its activities and shall be carrying on its business in conformity with the rules and regulations of the Authority including these Rules;
  - (iv) the Sub-Lessor shall be jointly and severally responsible and liable for the activities of the Sub-Lessee.
- (b) If the Authority approves a Sub-Lease, the Sub-Lessor shall be required to pay an annual fee, as per the Tariff issued by the Authority from time to time.
- (c) The Authority has the right to terminate the Sub-Lease Agreement where it deems it is not suitable for the Sub-Lessor and Sub-Lessee to continue with the Sub-Lease Agreement.
- (d) A Sub-Lessee is prohibited to assign its rights under a Sub-Lease Agreement for any purpose (including offering such rights as collateral/security to a loan or credit facilities).
- (e) The Authority's policy on sub-lease issued from time to time shall also be observed by the Sub-Lessor and Sub – Lessee.
- (f) A Sub-Lease Agreement shall not contradict the Lease Agreement and in case the Sub-Lease Agreement contradicts with the Lease Agreement, the latter shall prevail.
- (g) The duration of the Sub-Lease Agreement shall not exceed the period of the Lease Agreement. The Sub-Lease Agreement shall be deemed terminated on the expiration or termination of the Lease Agreement.

### 10.6.2 Building Constructed by the Authority

- (a) A Licensee with a Leased Premises which is fully constructed Building ("Sub-Lessor") may enter into a Sub-Lease Agreement with another Licensee ("Sub-Lessee") for all or part of the Building subject to the prior written approval of the Authority.

- (b) The rules contained in Rule 10.6.1 (a) to (e) will be applicable to the Sub-Lease contemplated under this Rule 10.6.2
- (c) A Sub-Lease Agreement shall not contradict the Leasehold Agreement or Lease Agreement and in case the Sub-Lease Agreement contradicts with the Leasehold Agreement or Lease Agreement, the latter shall prevail.
- (d) The duration of the Sub-Lease Agreement shall not exceed the period of the Leasehold Agreement or Lease Agreement. The Sub-Lease Agreement shall be deemed terminated on the expiration or termination of the Leasehold Agreement or Lease Agreement

## 10.7 Termination or Expiration of Lease

(a) In the event of termination of a Lease Agreement, Leasehold Agreement, Sub-Lease Agreement or Musataha Agreement:

(i) a Licensee shall settle outstanding administrative and financial issues (including payment of outstanding dues); and

(ii) the Leased Premises shall be vacated and furnishings, fitting, plant, equipment, debris, waste material and other tangible items shall be removed, and the Leased Premises shall be restored to the condition in which the Leased Premises was on the date of commencement of the lease/leasehold, unless otherwise agreed with the Authority. The waste and contaminated soil shall be disposed in accordance with the Authority's rules on waste disposal and RAK Municipality's regulations. In the event a Licensee fails to restore the Leased Premises as required, the Authority may do so at the cost of the Licensee.

(b) In addition to Rule 10.7(a), in the event of termination or expiration of a Musataha Agreement, the construction built pursuant to the Musataha Agreement shall be handed over to the Authority in good and tenantable condition, unless otherwise instructed by the Authority. The Authority is not obliged to pay compensation to the Lessee for the value of the construction.

(c) The termination or expiration of the Lease Agreement, Leasehold Agreement, Sub-Lease Agreement and Musataha Agreement shall come into effect on issuance of a confirmation of termination or expiration by the Authority. Such confirmation shall be issued after the Authority inspects the Leased Premises. The Licensee shall invite the Authority to inspect the Leased Premises on completion of the Licensee's obligation in Rule 10.7(a)(ii). The Licensee shall be liable to pay rent for the Leased Premises till the date of the confirmation of termination or expiration issued by the Authority.

(d) Upon the termination or expiration of the Lease Agreement, Leasehold Agreement, Sub-Lease Agreement and Musataha Agreement, the Authority at its sole discretion issues a decision to confiscate and administratively sale the movable items/properties stored/abandoned in the Premises/Leased Premises pursuant to Article 11.1(h) of Law No. 2 of 2017.

(e) In view of such decision for confiscation and administrative sale, the Authority has the right to:

- i. To enter the Premises/Leased Premises and change its lock
- ii. To take possession and ownership of the movable items/properties stored/abandoned in the Premise/Leased Premises and shift the same to a storage area as it deems appropriate.
- iii. To dispose said movable items/properties in such manner and at such price as the Authority deems fit and the Authority shall deduct from the proceeds of the sale all sums due from the Licensee but unpaid and the cost of re-furbishing the Premises/Leased Premises.

(f) The actions taken by the Authority pursuant to Rules 10.7 (d) and 10.7 (e) are just and reasonable. The Licensee acknowledges that it has no right to object to such actions by the Authority and the Licensee hereby releases the Authority from any liabilities arising therefrom.

## 11 Security Interest

### 11.1 Form of Security Interests

(a) The Authority permits creation of the following security interests:

(1) a shareholder of a Licensee may, with prior written approval of the Authority, pledge or otherwise charge its shares in a Free Zone Entity or Non-Free Zone Entity to a creditor as security for a debt or other obligation incurred or to be incurred by the shareholder, Licensee or another person;

(2) without prejudice to the rights of the Authority and subject to Authority's policy on security interests, a Licensee may grant the following security interests to a creditor for a debt or other obligation incurred by or binding upon the Licensee or another person:

i. a conditional assignment over its rights and obligations under a Lease Agreement, Leasehold Agreement and Musataha Agreement;

ii. a mortgage over the building constructed on the Leased Premises and

iii. other security interest as permitted under relevant policy, regulations and rules of the Authority and the laws of UAE.

The security interests listed in Rule 11.1(a)(1) and 11.1(a)(2) above shall collectively be referred to as "Security Interests" and individually as "Security Interest".

(b) A Licensee shall not, without prior written approval of the Authority, create, or allow the creation of a Security Interest.

(c) A Licensee may create one or more Security Interests over the Premises leased under a Lease Agreement, Leasehold Agreement or a Musataha Agreement. A Security Interest shall not be created over a Premises sub-leased under a Sub-Lease Agreement.

## 11.2 Security Register

(a) The Registrar shall maintain a Security Register where a Security Interest shall be recorded. The priority of the rights acquired in terms of a Security Interest shall rank according to time of registration in the Security Register.

(b) A Security Register shall be administered and maintained by the Registrar in accordance with regulations, rules, policies or directives issued by the Authority, including these Rules.

(c) A Security Interest shall be perfected once an application for the registration of a Security Interest is filed in the prescribed form with the Registrar along with documents required by the Registrar, and such interest is recorded in the Security Register. A Security Interest shall not be recognized by the Authority unless it is registered in the Security Register.

(d) A Security Interest shall only be created over assets or rights situated in, or are otherwise created or arise in, the Authority's Zone.

(e) A Security Interest shall be discharged or amended once:

(i) an application for the discharged or amendment of a Security Interest is filed in the prescribed form with the Registrar along with documents required by the Registrar; and

(ii) such discharged or amendment is recorded in the Security Register.

(f) Following registration, amendment or discharge of a Security Interest in accordance with these Rules, the Registrar shall, on payment of a fee, issue a certificate ("Security Interest Certificate") confirming the registration, amendment or discharge of the Security Interest. The Security Interest Certificate will have a signature of the Registrar and official stamp of the Authority. A Security Interest Certificate shall be a public document and any person can obtain the same on payment of the Authority's fee.

## 11.3 Charges

A Licensee shall pay all charges and fees stipulated by the Authority and the Registrar for the registration, amendment, discharge or search of a Security Interest, registered in the Security Register.

## 11.4 Rights of the Authority

All Security Interests registered in the Security Register shall remain at all times subject to the rights of the Authority under



Lease Agreement, Leasehold Agreement or Musataha Agreement. No Security Interest shall prejudice or prevent the Authority from exercising all or any of its rights under Lease Agreement, Leasehold Agreement or Musataha Agreement.

### 11.5 Enforcement

- (a) Subject to the provisions of this Rule 11.5, an enforcement of a Security Interest registered in the Security Register shall require an order from a Court.
- (b) Where a Licensee has granted the Security Interest of a conditional assignment over its rights and obligations under a Lease Agreement, Leasehold Agreement or Musataha Agreement, or a mortgage over the building constructed on the Leased Premises, to a secured party, and where such secured party presents a Court order for enforcement of such Security Interest, the Authority will enforce the Court order at the cost of the Licensee and deal directly with the secured party (to the exclusion of the Licensee) with respect to that Lease Agreement, Leasehold Agreement or Musataha Agreement.
- (c) Exercise of a right by a secured party under a conditional assignment shall not prejudice the rights, powers and remedies of the Authority under the Lease Agreement, Leasehold Agreement or the Musataha Agreement.
- (d) If the building (constructed on the Leased Premises by the Licensee or the Authority) mortgaged to a secured party are sold pursuant to a Court order, the Authority reserves the right following such sale to deal directly with the purchaser (to the exclusion of the Licensee) with respect to the same and the associated Lease Agreement or Leasehold Agreement.

## 12. Building and Operation Controls

### 12.1 General

- (a) A Sponsored Employee, Non-Sponsored Employee or a person working or operating in the Authority's Zone, including a Licensee, a contractor and a sub-contractor, is required to comply with these Rules and Building Regulations in carrying out Building Work on a Leased Premises.
- (b) Building Works shall be undertaken by certified RAK Municipality consultants and contractors.

### 12.2 Demarcation

Once Lease and License are issued, a Licensee shall apply for demarcation certificate for determining the plot corners prior applying to mobilization or Building Permits.

### 12.3 Drawings Review

- (a) A Licensee shall obtain the Authority's approval on the Design prior to commencing Building Works.
- (b) A Design for Building Works shall comply with Building Regulations

### 12.4 Building Permit

- (a) A Licensee shall apply to the Authority for a Building Permit within two (2) months from the date of execution of the Lease Agreement or Musataha Agreement.
- (b) To obtain a Building Permit, a Licensee shall retain the services of a consultant/contractor certified RAK Municipality who shall be responsible for submitting a proposal to the Authority, which shall include the Design.
- (c) Failure of a Licensee to commence construction of the Building Works within two (2) months from the date of issuance of a Building Permit may result in revocation of the Building Permit by the Authority.
- (d) A Licensee shall complete the Building Works within one (1) year of obtaining the Building Permit, unless otherwise agreed by the Authority in writing.
- (e) Subject to the Authority's written approval, including any conditions that the Authority may impose, a Licensee may construct labour accommodation within the Leased Premises, provided that such accommodation complies with all relevant safety regulations and firefighting measures as specified by Civil Defense Authority or by any other authority or body exercising jurisdiction over the Building Works.

## 12. 5 Building Modification/Fit-out Permit

A Licensee shall apply for the building modification permit before commencing any modification or MEP installations inside the Authority's pre-built Premises like warehouses and offices

### 12.6 Earthwork

- (a) A Licensee shall obtain the earthwork permit in case he requires to import or cart away soil from his plot area.
- (b) The permit is only for the land filling/cart away reaching to the gate level (+0.30) from the existing road level.
- (c) Using soil for operation purposes is not allowed.

### 12.7 Pavement

- (a) A Licensee shall obtain the pavement permit in case he requires to have interlock works for his entry/exit gates from his plot line and up the road.
- (b) Existing services such as manholes, street light poles shall be taken into consideration.

### 12.8 Mobilization Permit

Until a Licensee obtains a Building Permit, the Authority may in its sole discretion, grant the Licensee a Mobilization Permit for the purpose of initiating preliminary works (the extent of which shall be provided in the Mobilization Permit and subject to any conditions that the Authority may impose) on the Leased Premises. Preliminary works may include, without limitation but subject to the Authority's sole discretion, site levelling, construction temporary fencing, and soil investigation. The Authority shall be under no obligation to issue a Building Permit where it has issued a Mobilization Permit.

### 12.9 Completion Certificate

- (a) The Licensees doing Building Work shall liaise with the Authority to obtain the necessary inspections and approvals once the Building Works have been completed in compliance with the Authority's Building Regulations and approved drawings.
- (b) On completion of the Building Works, a Licensee shall apply for a Completion Certificate which the Authority may grant in its sole discretion. The receipt of the Completion Certificate will allow installation of machineries, plant and equipment and the authorization to connect the Services.
- (c) If a Licensee has received permission for the construction of additional structures or the alteration or extension of existing Leased Premises, under a separate Building Permit, the Licensee will also need to apply for a Completion Certificate for these Building Works, once the related construction works are completed.

### 12.10 Operation Fitness Certificate

- (a) The Licensee shall not commence operation from a pre-built warehouse or a customized facility built on a plot of land without obtainment of an Operation Fitness Certificate from the Authority. The Authority may grant the Operation Fitness Certificate where:
  - i. Building Works have been completed in compliance with Building Permits;
  - ii. Completion Certificate has been issued;
  - iii. The installation of plant and machinery is complete;
  - iv. Clearance from the Civil Defense and EPDA has been obtained; and
  - v. Connection of the Services has been made.

The Licensee's should notify the HSE Department of the Authority when commencing the operations in order to conduct an inspection towards issuance of Operation Fitness Certificate. Operation Fitness Certificate fees are applicable in accordance with the HSE services Fees (HSE-SF01).

- (b) Operation Fitness Certificate is valid only for a period of one (1) year or till the expiry of the License (whichever comes earlier); Operation Fitness Certificate needs to be renewed before ninety (90) days of its expiry to avoid delay in the License renewal process since Operation Fitness Certificate is one of the requirements by the Authority for the License renewal.
- (c) Upon amendment of License/Lease, modification of the current Leased Premises/facility or installation of new machinery/equipment/racking systems in the existing Leased Premises/facility, the Licensee should notify Authority's HSE Department for issuance of Operation Fitness Certificate.

#### 12.11 HSE NOC/Approvals for High-Risk Materials and Activities

- (a) The licensee should comply with the HSE NOCs for high-risk materials and activities in accordance with Authority's HSE Regulations.
- (b) HSE NOC fees are applicable in accordance with the HSE services Fees (HSE-SF01).

#### 12.12 ServiceConnections

A Licensee is responsible for obtaining and paying for Services required for its operations.

### 13. Products in the Free ZoneArea

#### 13.1 Dealing of Products

A Free Zone Entity shallnot:

- (a) conduct retail trading of any of its products within Free Zone Area;
- (b) manufacture or market or trade of any contraband items or products within or outside the Free Zone Area;or
- (c) display or sell their products directly in mainland UAE.

#### 13.2 Observance of Treaties

A Licensee shall at all times abide by all international treaties entered into by UAE as well as all UAE federal and local laws, decrees, regulations, rules and practices in relation to intellectual property rights. The Authority may take appropriate action, in its discretion, against a Licensee found to be in violation of this Rule.

#### 13.3 Forbidden Products

Manufacturing, trading or marketing of contraband items is strictly forbidden. The following products/goods are forbidden from entry into the Free Zone:

- a. arms, ammunition and explosives, unless authorised by the competent authorities;
- b. goods infringing the laws of protecting commercial and industrial property;
- c. illicit drugs or similar substances;
- d. goods originating in a country boycotted economically by United Arab Emirates; and
- e. goods prohibited from entering the Free Zone and/or the United Arab Emirates.

#### 13.4 Trade in mainland UAE

A Free Zone Entity may trade its products outside the Free Zone Area and within the UAE, only through an agent, representative, distributor or its parent company holding a license to conduct such activity in the UAE and it shall subject to applicable laws.

#### 13.5 Marketing

A Free Zone Entity may display products in the Free Zone Area for potential customers for marketing purposes only.

### 14 Employee Affairs

#### 14.1 Sponsored Employee

- (a) The Authority may sponsor an Employee to be engaged by a Licensee.
- (b) A Sponsored Employee seconded to Licensee by the Authority shall sign the Authority's Employment Contract, which shall set out the minimum conditions of employment. In addition to the Authority's Employment Contract, a Licensee may enter into a detailed contract with the Sponsored Employee, which shall not contain provisions less favourable than the Authority Employment Contract and the Labour Law.
- (c) A Licensee shall pay the remuneration, payments and dues of a Sponsored Employee in accordance with the Employment Agreement and the Labour Law. The Authority shall not be liable to pay remuneration, payments or dues to an Employee.
- (d) A Sponsored Employee shall only work at the Premises of the Licensee with whom it has entered into an Employment Agreement. The Authority may, at the request of the Licensee, permit a Sponsored Employee to work outside the Premises of the Licensee in order to carry out specialist consultancy, advisory, installation, repair or maintenance work on behalf of the Licensee. In the event such permission is granted, the Licensee shall ensure compliance with the laws of the jurisdiction where the Sponsored Employee works. An Employee may however live and travel anywhere in the UAE.
- (e) A Licensee shall not employ or otherwise make use of a Sponsored Employee who is employed by another Licensee, unless the Authority permits the same.
- (f) The Authority may, in its absolute discretion, limit the number of Sponsored Employees for a Licensee.
- (g) A Licensee shall pay the following costs of recruiting or employing a Sponsored Employee:
  - (i) cost of the air ticket from the Sponsored Employee's point of origin to RAK;
  - (ii) cost of processing the residence permit/visa, entry permit, medical fitness certificate, health insurance and Emirates Identity Card; and
  - (iii) cost of renewing the residence permit/visa, entry permit, medical fitness certificate, health insurance and Emirates Identity Card

A Licensee shall not recover these recruitment and employments costs from the Sponsored Employee, either directly or indirectly.

#### 14.2 Term of Employment Agreement and Probationary Period

- (a) The Employment Agreement shall be for a definite period of time which will not exceed three (3) years and such period may be extended or renewed by the Licensee and Sponsored Employee once or more than once for an equal or a shorter term.
- (b) In case of extension or renewal of the Employment Agreement, the initial term or the renewed term shall an extension to the initial term and shall be added thereto when calculating the period of the continuous service

of the Sponsored Employee. For avoidance of doubt, where the Licensee and the Sponsored Employee continue to perform/observe the Employment Agreement after the expiration of the initial term without an explicit agreement, the initial Employment Agreement shall be deemed to have been extended on the same condition by implication.

- (c) The Licensee may put the Sponsored Employee under probationary for a period not exceeding (6) six months from the date of commencement of work. It is not permissible to put the Sponsored Employee under probationary period more than once, and the Sponsored Employee successfully completes the probationary period and continues in employment, the Employment Agreement shall become effective according to the agreed terms and the probationary period shall be part of the term of service.

#### 14.3 Transfer of Employees

- (a) A Sponsored Employee may be transferred from one Licensee to another subject to the Authority's prior permission in writing. In granting the permission, the Authority may, in addition to any information, require:
  - i. written consent from both Licensees to the transfer of Sponsored Employees;
  - ii. a confirmation from the Sponsored Employee that all dues, including remuneration and end of service gratuity, as provided in the Employment Agreement and Labour Law, have been paid to the Sponsored Employee.
  - iii. the Authority does not grant permission to transfer a Sponsored Employee from a Licensee to an entity that is not a Licensee, unless such entity is a Government organization.

#### 14.4 Visa Security Deposit

- (a) A Licensee shall provide the Authority with either a refundable Visa Security Deposit or an insurance policy for each Sponsored Employee who is not a GCC national as may be decided by the Authority from time to time.
- (b) The value of the Visa Security Deposit shall be AED 2,000. The Authority has the right to increase the value of the Visa Security Deposit.
- (c) The Authority may waive the requirement for a Visa Security Deposit in respect of a total number of five (5) Employees from the following grades: owner, partner, director, general manager, and manager.
- (d) The Visa Security Deposit shall be forfeited if the Licensee closes down for any reason including winding up and/or if the sponsored employee does not receive his/her end of service dues for any whatever reason.
- (e) The number of visas to be issued to a Licensee shall be determined at the absolute discretion of the Authority from time to time.

#### 14.5 Employment of Non-Sponsored Employees

- (a) Subject to the consent of the Authority, a Licensee may employ a Non-Sponsored Employee, temporarily or permanently. In granting such consent, the Authority will consider favorably if the Non-Sponsored Employee:
  - i. is a GCC national;
  - ii. resides in the UAE on the visa sponsored by a relative or through a golden visa;
  - iii. is to be employed on a part time or temporary basis; and
  - iv. works for a company incorporated in the UAE and where such company is a Subsidiary or Associated Company of the Licensee.
- (b) Where the Authority approves a Licensee's application to employ a Non-Sponsored Employee permanently, the Licensee shall obtain an identity card for the Non-Sponsored Employee.

- (c) Where the Authority approves a Licensee's application to employ a Non-Sponsored Employee temporarily, the Licensee shall obtain a temporary access card for the Non-Sponsored Employee.

#### 14.6 Permits and Passes

- (a) On payment of a fee, an Employee can have an identity card issued by the Authority. An Employee shall at all times carry the said identity card.
- (b) An identity card shall serve as a means of Employee's identification in lieu of an Employee's passport.
- (c) An identity card shall permit an Employee:
  - i. to enter in the Authority Zone; and
  - ii. to work in the Authority Zone for the Licensee.
- (d) In the event an identity card is lost, the Licensee shall ensure that a new identity card is issued.
- (e) the Authority may issue a temporary identity card in the following circumstances:
  - (i) pending issuance of permanent identity card;
  - (ii) pending issuance of a replacement identity card; or
  - (iii) to a Non-Sponsored Employee who is employed temporarily.
- (f) Where a person wishes to enter the Authority's Zone to visit a Licensee, the Licensee shall apply to the Authority for a visitor's day pass. The Licensee shall provide such identification information to the Authority as requested.
- (g) The Authority may charge a fee for passes, permits and visas issued in respect of a Licensee's Employee or visitor.
- (h) The Licensee shall return to the Authority the permit and pass of such Employee and shall process cancellation of the Employee's visa where:
  - (i) an Employee ceases to be employed with a Licensee; and
  - (ii) an Employee absconded. Absconding Employee is an Employee unexplainably absent for a period more than seven (7) continuous calendar days shall be deemed to be an absconding Employee. In such event:
    - a) the Licensee shall within seven (7) days of an Employee being deemed to be absconding notify the Authority in writing of the same; and
    - b) The Authority shall upon receiving notification inform the Federal Authority for Identity, Citizenship, Customs & Port Security
- (i) the Authority may in its discretion deny any person entering into the Authority Zone on grounds of policy or security.

#### 14.7 Employees' Passports

A Licensee shall not retain the passport of an Employee. The Authority may inspect the Licensee to ascertain that the passport is in the Employee's custody. An Employee shall present its passport to the Authority on request.

#### 14.8 Employee and Licensee Dispute

- (a) In the event a dispute arises between a Licensee and an Employee the Authority may act as a mediator in the first instance in an attempt to settle the dispute.
- (b) The dispute shall be brought to the Authority (through its Labor Dispute Office) either by the Employee or the Employer by submitting a complaint sheet and the same shall be governed by and subject to the relevant policy of the Authority.
- (c) Where a settlement is not reached within fourteen (14) days from submission of the complaint sheet, the dispute may be referred to the Court by issuing a no objection certificate.

#### 14.9 Salary

- (a) All Licensees must pay the salaries of their Employees on the due date as per payment mechanism duly approved by the Authority from time to time. The Employee's salary shall be due starting from the first day of the month following the registered payday specified in the Employment Agreement. If such period is not mentioned in the Employment Agreement, the Employee must receive his/her salary at least once a month.
- (b) The said payment mechanism shall be communicated by the Authority through a circular to be issued by the Authority. All Licensees will be granted a three (3) months' period from issuance of the said circular to comply and adopt the said payment mechanism.
- (c) If salaries are not paid to Employees within thirty (30) days from the due date, the Licensees will be considered late in paying, unless otherwise is specified in the Employment Agreement.
- (d) All Licensees must provide all what will be requested to prove the payment of salaries to their Employees. The Authority has the right to conduct inspections on the Licensees to ensure that they are complying with regards to the payment of salaries.
- (e) A Licensee who fails to pay its workers' salaries on due date, actions will be taken against such Licensee as per the Authority's Violation Code as amended.
- (f) Without prejudice to Employees' entitlement to the agreed-upon salary:
  - a. The licensee will be considered compliant with salary payment requirements on the condition that the salaries of more than 80% of the Employees' have been paid/transferred, including all types of Employment Agreements.
  - b. Where there are legal deductions, the Employee is considered to be in receipt of their salary if he/she receives 70% or more of the value of the salary as stated in the Employment Agreement, provided that proof of such deductions is presented upon request.
  - c. Partial compliance: The Licensee is considered partially compliant in the event that it has transferred 70% to 80% of the total salary due to Employees, including all types of Employment Agreements. In this case, the partially compliant Licensee shall be granted an additional grace period of two months before applicable actions will be taken by the Authority as per Authority's Violation Code as amended
- (g) In the event that the Employee is granted unpaid leave, the Licensee is obligated to notify the Authority in accordance with the approved payment mechanisms and channels, and specify the period of the unpaid leave.
- (h) The following categories of Employees will be excluded from the approved payment mechanism compliance requirements:

1. Employee who filed a lawsuit related to salary in the Labour Court.

2. Employee who has been reported absent by the Licensee by filing an unexpected work abandonment report.
3. New Employee, during thirty (30) days from the salary due date.
4. Employee on unpaid leave during the unpaid leave period provided that supporting documents are duly submitted to the Authority.

#### 14.10 No Deduction from Salary

No deduction on the salary of the Employee shall be permitted except for those instances provided by the Labor Law. If deduction is allowed, it will not exceed 50% of the Employee's salary.

#### 14.11 Termination

##### (a) Termination During Probationary Period

(i) The Licensee may terminate the Employee during the probationary period by the Employee fourteen (14) days prior written notice.

(ii) If the Employee wishes to move during the probationary period, to work for another employer in the UAE, the Employee shall notify the Licensee of the same in writing within not less than one (1) month from the date of his wish to terminate the Employment Agreement, \_then, the new employer shall compensate the Licensee for the costs of recruitment or contracting with the Employee, unless otherwise agreed upon.

(iii) If the Employee (a foreign worker) wishes to terminate the Employment Agreement during the probationary period, to leave the UAE, the Employee shall notify the Licensee of the same in writing not less than fourteen (14) days from the date specified for the termination of the Employment Agreement. If the Employee to return to UAE and obtain a new work permit within (3) three months from the date of departure, the new employer shall pay the compensation for the costs of recruitment or contracting with the Employee, unless otherwise agreed to the contrary.

##### (b) Instances for Termination of Employment Agreement

An Employment Agreement is terminated in any of the following cases:

1. By written agreement of both the Licensee and the Employee upon its termination;
2. Expiry of the term specified in the Employment Agreement, unless it is extended or renewed;
3. Based on the wish of either party, provided that the provisions hereof regarding termination of the Employment Agreement and the notice period agreed upon in the Employment Agreement are observed;
4. Licensee's death if the subject of the employment is related to its entity;
5. Employee's death or full permanent inability to work, as proven by a certificate issued by the medical entity;



6. If the Employee is convicted by a final order to a custodial penalty for a term not less than (3) three months;
7. Closing the establishment permanently, in accordance with Authority's rules and regulations and applicable laws;
8. If the Licensee becomes bankrupt, insolvent or unable to continue in business for any economic or exceptional reasons;
9. Employee's failure to comply with the conditions for renewing the work permit for any reason beyond the control of the Licensee.

(c) Dismissal of the Employee without prior notice

The Licensee may dismiss the Employee without prior notice after conducting a written investigation with him and the dismissal decision shall be in writing and justified, and given by the Licensee or its representative to the Employee in any of the following cases:

1. It is proven that the Employee impersonated another person, or submitted forged certificates or documents.
2. The Employee committed a mistake that resulted in gross physical losses to the Licensee or the he deliberately damaged the properties of the Licensee and he acknowledged the same, provided that the latter informs the Authority of the incident within (7) seven working days from the date of being aware of the occurrence of the incident.
3. The Employee violated the instructions of the Licensee's rules related to the safety of work and Employee or the workplace, provided that they are written and posted in a visible place and the Employee is informed of the same.
4. The Employee did not perform his main duties according to the Employment Agreement and he continued breaching them despite conducting a written investigation with him for this reason and he is notified and warned of dismissal twice if this is repeated.
5. The Employee disclosed business secret related to industrial or intellectual property, which resulted in losses to the Licensee, loss of opportunity or a personal benefit for the Employee.
6. The Employee is found during working hours in a state of drunkenness or is under the influence of narcotics or psychotropic substances, or commits an action breaching the public morals at the workplace.
7. The Employee assaults during work, the Licensee, manager in charge, one of his superiors or colleagues at work, by word, action or any form of assault that is punishable under the legislation in force in UAE.
8. The Employee is absent without a legitimate reason or excuse acceptable by the Licensee for more than (20) twenty intermittent days during one year or more than (7) seven consecutive days.
9. The Employee abuses his position with the aim to obtain personal results and gains.
10. The Employee joins another establishment/employer without abiding by the rules and procedures prescribed in these Rules and Labour Law.

(d) Employee Leaving Work without Notice

An Employee may quit work without notice, while retaining his rights upon end of service in any of the following cases:

1. The Licensee's breach of its/his obligations towards the Employee stipulated in the Employment Agreement or as stated in the Labour Law provided that the Employee notifies the Authority fourteen (14) working days before the date of leaving the work, and the Licensee's failure to remedy the breach though being notified by the Authority.
2. It has been proven that the Licensee or its legal representative assaulted the Employee, committed violence or harassment against him at work, provided that he informs the competent authorities and the Authority within (5) five working days from the date on which he was able to report.
3. If there is a grave danger at the workplace that threatens the Employee's safety or health, provided that the Licensee is aware of its existence and does not take any actions necessary to eliminate such danger/threat
4. The Licensee instructs the Employee to perform a work substantially different from the work agreed upon in the Employment Agreement, without obtaining the Employee's written consent on the same, except for cases provided by the Labour Law.

(e) Additional terms and conditions governing the termination of the Employee as well as the procedure for termination are stated in the Employment Agreement and in the Labour Law

14.12 Severance Pay/End of Service Benefits

- (a) An Employee, who completed a year or more in continuous service, shall be entitled to end of service benefits at the end of his service, calculated according to the basic wage as per the following:
  - (i) A wage of (21) twenty one days for each year of the first five years of service;
  - (ii) A wage of (30) thirty days for each year exceeding such period.
- (b) Employee shall be entitled to a benefit for parts of the year in proportion to the period spent at work, provided that he completed one year of continuous service.
- (c) Unpaid days of absence from work shall not be included in the calculation of the service term.
- (d) The end of service benefits shall be calculated according to the last basic wage the Employee was entitled to.
- (e) The severance pay of the Employee in its entirety does not exceed two years' wage.
- (f) The Licensee shall pay to the Employee, within (14) fourteen days from the end date of the employment term, his wages and all his other entitlements stipulated in the Employment Agreement, those provided in Licensee's by-laws/policy and those provided by the Labour Law.

14.13 Observance of the Labour Law.

In addition to the Employment Agreement and these Rules, the employment relationship of the Licensee and the Employee is governed by the Labour Law and both parties are required to properly comply the provision of the Labour Law.

15 Insurance

15.1 Insurance of Buildings

- (a) A Licensee shall comply with its insurance obligations under the Lease Agreement, Leasehold Agreement, Sub-Lease Agreement and Musataha Agreement.
- (b) Without limiting or affecting other obligations and liabilities of a Licensee, a Licensee shall, before commencing the performance of any Building Works, take out (or have taken out on its behalf) the following insurance policies for the Building Work ("Construction Insurance"):
  - (i) insurance for the relevant Building Works (together with the plant, materials and equipment used for or in connection with the relevant Building Works) for not less than the full reinstatement cost of the Building Works and the full replacement value of such plant, materials and equipment plus an additional 10% of such insured amount until the date of issue of the Operation Fitness Certificate for the relevant Building Works;
  - (ii) public and third party liability insurance covering liability for:
    - (A) damage to or loss of any real or personal property belonging to the Authority or any third parties; and
    - (B) injury to, or death of, any person, arising out of or otherwise in connection with the performance of the Building Works with a limit of liability of not less than an amount prescribed by the Authority, for any occurrence during a period of three (3) years from the date of issue of the Operation Fitness Certificate for the relevant Building Works; and
  - (iii) workers' compensation insurance covering legal liability for a personal injury, disease, illness and death of a personnel of a contractor (and its subcontractors) performing the Building Works resulting from or in connection with the performance of the Building Works with a limit of liability of not less than an amount prescribed by the Authority for any one occurrence during a period of three (3) years from the date of issue of the Operation Fitness Certificate for the relevant Building Works.
- (c) Prior to commencing the Building Works and, upon the Authority's request, a Licensee shall provide the Authority a copy of each insurance policy relating to the Construction Insurance. The Authority may suspend a Building Permit if a Licensee fails to have all Construction Insurances in place prior to the issue of the Completion Certificate.
- (d) Upon issuance of an Operation Fitness Certificate, a Licensee shall take out and maintain, for the duration of a Lease Agreement, a Leasehold Agreement a Sub-Lease Agreement or a Musataha Agreement, insurance against destruction, loss or damage to a Licensee's plant, equipment and machinery at the Leased Premises ("Content Insurance"). Such Content Insurance shall be for the full replacement value of such plant, equipment and machinery and the issue of the Operation Fitness Certificate shall be subject to a Licensee providing the Authority a copy of the insurance policy for the Content Insurance. Upon request, the Licensee shall provide the Authority with a copy of any renewed or replacement policy for Content Insurance. An Operation Fitness Certificate may be suspended if a Licensee fails to have Content Insurance in place during its occupancy of the Premises.
- (e) All insurance policies for the Construction Insurance and the Content Insurance shall be on terms acceptable to the Authority.

## 15.2 Employee's Insurance

A Licensee shall provide worker's compensation insurance to its Employees. The worker's compensation insurance shall include cover for every employment injury, disability and related medical expenses in accordance with the Labour Law. The Authority may require a copy of these insurances.

## 16 Customs

- (a) A Free Zone Entity engaging in trading activities by import of goods into the Free Zone Area or export of goods from the Free Zone Area is required to have a code from the Department of Customs and Ports (the "Customs"). A Free Zone Entity's representative shall obtain a 'Representative Card' from Customs in order to represent the Free Zone Entity before the Customs.
- (b) A Free Zone Entity shall abide by the rules, regulations and practices of the Customs.

## 17 Abandonment

## 17.1 Abandonment of Operations

- (a) Where a Licensee ceases to operate under a License for a period of three (3) consecutive months, without notifying the Authority of the reason of cessation, and where the Authority, after inspecting the Leased Premises of the Licensee, determines in its discretion that a Licensee has abandoned its operations, such Licensee shall be deemed to have abandoned operations.
- (b) Where a Licensee has abandoned operations, the Authority may serve a written notice at the registered address of the Licensee to resume operations within thirty (30) calendar days of receipt of such notice, failing which the Authority may:
  - (i) cease, close or padlock the Leased Premises of the Licensee;
  - (ii) prohibit a person, including a representative or an Employee of the Licensee, from entering the Leased Premises unless such person holds a valid order from a Court or a government authority;
  - (iii) cancel visas and work permits of the Licensee's Employees; and
  - (iii) repatriate the Licensee's Employees to the Employees' home country. Costs for such repatriation shall be deducted by the Authority from the Visa Security Deposit.

## 17.2 Abandonment of Goods

- (a) Failure to vacate the Leased Premises; The Authority shall act towards the abandoned goods represented by the following manner: (a) Sale of the abandoned items; (b) Destruction of the abandoned items; (c) Donation; and (d) Disposal of any abandoned items inside or within the vicinity of the Leased Premises. The Authority in implementing this action is acting on its official capacity and functions. The Authority or its officers, employees or agents shall not be liable for any loss suffered by the Licensee or any other person as a result of an act or omission by the Authority or its officers, employees or agents in the performance or non-performance of their functions under this action.
- (b) Where a Licensee abandons goods in the Authority's Zone, the Authority may serve a written notice on the Licensee at its registered address to clear such goods within a specified time, failing which, the Authority may treat such goods as "abandoned".
- (c) The Authority will prepare a list of the abandoned goods.
- (d) The Authority has the right to clear the Leased Premises/facilities with the abandoned goods within six (6) months of the inventory list date via any manner stated in Rule 17.2 (a) that ensure returning the Leased Premises/facility to custody of the Authority as earlier as possible for new sales action.
- (e) The Authority may, at the expense of the Licensee, remove abandoned goods and action the same via any manner stated in Rule 17.2 (a). The abandoned goods will be disposed in accordance with applicable policy of the Authority
- (f) The Licensee shall be fully responsible for liability arising due to the abandoned goods and has no right to claim any of his abandoned items after the lapse of six months from the date of the inventory list date.

### PART 3. PROCEDURAL PROVISIONS

#### 18 Signage

- (a) For the industrial zones Leased Premises; a Licensee shall display its company signage and name, in accordance with standards (size and design) of the Authority, on the Leased Premises, subject to the written permission of the Authority. A Licensee shall make sure that its signage does not infringe the rights of third parties.
- (b) The Authority may inspect the Leased Premises to ensure compliance with its Rules.
- (c) For other facility types Leased Premises; the Authority will ensure providing the signboard and name plate of the Licensee company.
- (d) A Licensee shall approach RAK Municipality should he wish to fix signage on the Emirate/federal road.
- (e) The Authority at its sole discretion, hire third party to manage the signage within the Authority's premises/lands and the Licensee should comply with all its related terms and conditions and the applicable fees.
- (f) The Licensee shall incurred any penalty found in violation of this Rule 18 according to the rules and regulations in force by the Authority

#### 19 Employee Accommodation

- (a) A Licensee may build accommodation for Employees on suitable Leased Premises, with the written consent of the Authority, RAK Civil Defence and other relevant government authorities.
- (b) The accommodation shall be built in accordance with Rule 12.
- (c) A Licensee shall not share, transfer, or sub-lease the accommodation without prior approval of the Authority.
- (d) A Licensee shall ensure that the accommodation is suitable for occupation and has connections for the Services.
- (e) The Authority may inspect the accommodation to ensure compliance with these Rules.
- (f) The Licensee shall observe the following:
  - 1. Not to allow a person who is not an Employee to sleep at the Accommodation.
  - 2. Not bring any kind of pets within and around the accommodate
  - 3. Not allowed to cook food in the accommodation and using gas stoves, ovens and microwave ovens for cooking inside the accommodation is strictly prohibited.
  - 4. Washing of carpets and heavy clothes is not allowed in the accommodation.
  - 5. Drinking or bringing of liquor or other alcoholic beverages or drinks in the accommodation is not allowed.
  - 6. No gambling (in any form) or bringing or using illegal drugs or substances is permitted in the accommodation.
  - 7. Not to erect or install in the accommodation any cameras or closed-circuit television (CCTV) equipment without the consent of the Authority.

20 Health, Safety and Environment (HSE)

The Licensee shall ensure compliance with the Authority's HSE Regulations at all time.

20.1 HSE Inspection

The Authority may directly or through an authorized person or body carry out an inspection and such inspection may include but is not limited to the following objectives:

- a) Ensure compliance with the HSE requirements, applicable laws and other international standards.
- b) Ensure that the activities carried out are in line with the approved License.
- c) Ensure appropriate Lease /sub-Lease of Premises.
- d) During the Authority's business hours, Operation Fitness Certificate, and/or NOC shall be scheduled in coordination with the Licensee
- e) All other inspections such as compliance monitoring shall be made unannounced at any time as per the discretion of the Authority's HSE Department.
- f) Liaise with relevant government authorities to facilitate compliance with local regulations.

20.2 General Conditions

- a. Any Licensee who refuses the Authority's HSE Department to enter into the Leased Premises to conduct an inspection or perform their role shall be subjected to appropriate sanctions (administrative/legal/operational) as determined by the Authority's HS&E Department and/or penalties provided in the existing violation code of the Authority.
- b. The Authority through its HSE Department may issue/amend necessary regulations and guidelines for the safe conduct of work activities.
- c. The Authority through its HSE Department has the right to inspect workplaces, take samples, photos, scans and issue directions to ensure compliance with HSE requirements.
- d. The Authority through its HSE Department may issue warning/improvement/prohibition notices and/or penalties, where required.
- e. The Authority through its HSE Department will prepare and execute and/or recommend HS&E - related education/training/awareness programs.

20.3 Compliance from other Government Authorities

- (a) A Licensee shall comply with the guidelines and regulations of EPDA to ensure environmental pollution is minimized (if not eliminated).
- (b) A Licensee shall implement appropriate fire preventive and fire control measures in accordance with the requirements of Civil Defense.
- (c) A Licensee with a License relating to food and health activities shall comply with the requirements of RAK Municipality, Ministry of Health and Prevention and other relevant authorities.

20.4 Reporting

- (a) In addition to contacting the relevant public emergency service, in the event of an Employee suffering contagious/serious illness or emergency medical condition or an incident/fire, it shall be the Licensee's responsibility to immediately report to nearest Authority's Security:

- (b) Within 24 hrs. of an incident, a Licensee must present a written report to the Authority via [hse@rakez.com](mailto:hse@rakez.com) using the Incident Notification Form (HSE-RR01.F01) with details of the Employee's name, identity number, job title, address and nationality. The report must also include a brief account of the circumstances of the incident and a note of medical aid provided.
- (c) A Licensee shall maintain records of notable incidents which an Employee suffers.
- (d) A licensee shall immediately report a health emergency be it an incident or contagious or serious illness of an Employee to a health service provider. A written report of serious illness shall be filed with the Authority.

#### 20.5 Waste Collection and Disposal

- (a) A Licensee shall ensure that waste of any nature originating from the Leased Premises is regularly and systematically collected and disposed in a manner prescribed by the relevant authority including RAK Municipality and the Authority.
- (b) For waste of Tobacco Products and Rubber products
  - All above waste must kept inside the Leased Premises/facility and the Licensee must hire external parties or RAK Waste Management Agency (RAKWMA) temporary containers to dispose it safely.
  - If the Licensee disposes above waste to general waste containers all necessary violation charges from the Authority and relevant authority will be imposed strictly.
- (c) Licensees operating from its own premises must have own waste container based on each company activity directly from RAKWMA. Highly recommended to sign service agreement with the said authority for uninterrupted waste collection. Nominal fees for each type of container will apply.
- (d) Licensees operating special activity from the Authority warehouses are highly recommended to hire waste container from RAKWMA directly to dispose their special waste to landfill. There will be service agreement with RAKWMA and the Authority has no responsibility to those waste of the Licensee.
- (e) All Licensees operating from the Authority's Premises, waste generated from building debris, construction site must be stored and dispose the waste directly to landfill at their own expense.

#### 20.6 Domestic Sewage

- a) A Licensee shall ensure that sewage waste water of any nature originating from the Leased Premises is regularly and systematically collected and disposed in a manner prescribed by the relevant authority including Ras Al Khaimah Wastewater Agency (RAKWA).
- b) A Licensee shall pay a monthly fee for the sewerage collection service.
- c) Licensees operating from the Authority's warehouses, offices and labor accommodations are allowed to dispose sewage waste into the Authority's sewage collection network where minimal fees apply through their rent.
- d) Following type of waste water not allowed to discharge into public sewage system or network,
  - Oil, lubricants and paints
  - Chemicals and power products
  - Tobacco treated water
  - Liquor, food waste water
  - Milk, Cheese products
  - Rubber, tile, fish, catering company's sewage
  - For all above waste, the Licensee must build its own holding tank inside the Leased Premises/facility and the Licensee must hire external parties or RAKWA to dispose it safely. Mini ETP (Effluent Treatment Plant) needs to be installed as per RAKWA requirements.

- If the Licensee disposes above waste water to general waste network all necessary violation charges from the Authority and relevant authority will be imposed strictly
- e) A Licensee shall keep back up sewerage storage tanks when the sewerage collection system is unavailable.
- f) Licensees operating from own its premises must have own holding tank and have service agreement with RAKWA approved tanker companies to collect waste water to RAKWA operated sewage treatment plant on regular basis. Highly recommended to sign service agreement with company for uninterrupted waste collection and all the requirements of RAKWA shall be followed.
- g) Licensees operating special activity from the Authority's warehouses are highly recommended to build own waste water holding tank and dispose to RAKWA ETP directly to dispose. There will be service agreement with the Licensee and third party and the Authority has no responsibility to those sewage waste of the Licensee.
- h) Where the Leased Premises is not connected to a drainage network, a Licensee must have a suitable holding tank with level indicator, buzzer and an appropriate arrangement for disposing waste in the holding tank. The waste shall not be discharged in the Authority's Zone.

## 20.7 Industrial Waste

- (a) Industrial discharge and waste, be it in solid, liquid or gas state, shall be stored in a suitable storage area and separated as per RAKWMA and EPDA requirements. A clearance or permit from RAKW MA shall be obtained before disposal of such waste.
- (b) Licensee shall make service agreement with agency to hire dedicated container to dispose if the Licensee produces hazardous waste such as chemical, oil, glass, paint, metal, fiber dedicated container to be placed with all safety guidelines.
- (c) All fire hazardous and health-hazardous materials must be disposed immediately. Storage of such materials is strictly banned.

## 21. Security

- a. Vehicles entering and exiting the Free Zone Area shall obtain a permit (SECURITY GATE PASS) daily or monthly from the Authority and shall be subject to regular security checks.
- b. Shipments and goods must be weighted on in all Authority's parks on weighbridge service area with charges AED25 for light vehicles and AED40 for heavy vehicles.
- c. The Authority's Security Patrols - either on foot or in a car – is within all the Authority's areas inside or outside the industrial zones in the common places and administrative places of the Authority.
- d. The Licensee's security responsibilities in general on properties leased by the Licensee whether lands, offices, or warehouses, by hiring security guards, installing CCTV security cameras, installing security fence to secure their facilities, goods and gates.
- e. Cases, and complaints to be reported in Police Stations or the courts requires the presence of the Licensee or his authorized representative to take his statement and sign it according to the applicable regulations. The Authority cannot take action on behalf of the Licensee for reporting any criminal cases/unlawful activities.
- f. It is the Licensee's responsibilities also to contact the police, civil defense and ambulance in the event of emergency cases in places under its control and supervision and to report to the nearest Authority's Security.
- g. To monitor Licensee's activities and goods at the gates in and out as well as to block as per the blocking advised by relevant department of the Authority.
- h. Inspecting the facilities with Court Officers as per the Authority's Legal Department request and to sign as Legal Guardian on behalf of the Authority.
- i. Blocking the Licensee (who is a defaulter) as per the request from the Authority's.
- j. A Licensee shall report to the Authority and to the relevant authority an incident of fire, criminal activity, security breach,



environmental hazard or such other incident that may cause harm to a person in the Authority's Zone.

- k. A Licensee shall provide the Authority the name and details of a person who may be contacted in the event an emergency.
- l. A Licensee shall inform the Authority of shift working arrangements for its Employees.
- m. No firearms shall be allowed in the Authority's Zone. Violation of this restriction shall be reported to the authorities for immediate action.

## 22. Vehicles

### 22.1 Driving License

A driver or an operator of a vehicle must be licensed by a relevant authority.

### 22.2 Parking of Vehicles

A Licensee shall ensure that its vehicles and mobile equipment are not parked outside the Leased Premises.

### 22.3 Purchase of Commercial Vehicles

A Licensee shall not, without prior written approval of the Authority, purchase any commercial vehicle.

## 23 Toll Gate:

(i) According to the Authority's agreement with the Public Service Department (PSD), the Licensee are eligible for following fees waiver/discount in toll gate fees:

- o full amounts of Al Ghail Toll Gate tickets for industrial companies affiliated with the Authority will be refunded.
- o the discounted fees on AL Saadi Toll Gate tickets will be refunded, so that the crossing fees are 100 AED per vehicle.

(ii) The Licensee eligible for the Toll Gates exemption are the industrial companies and the companies that manufacture raw materials into new products.

(iii) Administrative fees are calculated on the reimbursement requests for the toll gate tickets, which is AED5 for each ticket claimed by the Licensee.

## PART 4. INSPECTION AND VIOLATIONS

### 24. Inspection of Licensee's Premises

24.1 The Authority may inspect a Leased Premises to monitor compliance with regulations and rules of the Authority, including these Rules, and any agreements entered into with the Authority. The Authority will endeavor to arrange any such inspection so that disturbance or disruption to the Licensee's business is minimized. However, the Authority reserves the right to enter a Licensee's Leased Premises at any time and without prior notice:

(a) in the event of fire or any other matter which presents an actual or suspected threat to the safety and security of the Authority's Zone or any person or property within those areas;

(b) in the event there is a discharge of substances from the Leased Premises which are or are believed to be noxious or otherwise offensive;

(c) if the Authority has reason to suspect that a Licensee is in serious breach of the terms of the License, Lease Agreement, Sub-Lease Agreement, Leasehold Agreement, Musataha Agreement or any of the provisions of these Rules; or

(d) if the Authority reasonably believes such entry is justified in order to protect the interests of the Authority or any other Licensee.

24.2 The Authority shall not be liable for any loss or damage caused by the Authority conducting its inspection.

24.3 Inspection of the Leased Premises shall only be carried out by the Authority or an entity authorized by the Authority in writing.

24.4 A Licensee and its Employees shall cooperate and assist the Authority with the inspection of the Leased Premises.

## 25. Violations

### 25.1 General

- i. Ignorance of these Rules shall not be a reason or justification for non-compliance of these Rules by a Licensee.
- ii. Where a Licensee repeats a violation, the Authority shall have the right to increase the prescribed fine on each subsequent occurrence of the violation and take such other remedial measures as determined by the Authority.
- iii. Determination of a fine by the Authority, if required, shall be final.
- iv. The imposition on any Licensee of any penalty under this Rule 25 shall be without prejudice to any other liability which such Licensee may incur, or may have incurred, under any other laws for the time being in force.
- v. In addition to the imposition of fines/penalty, in case of violation by the Licensee of these Rules, non-renewal of the License, nonpayment of any due amounts such as rent, fees, fines, etc. the Authority has the right to close and padlock the Leased Premises and prevent the Licensee to conduct its business in/within the Leased Premises. Having violated these Rules, all vehicles of the Licensee will be prevented to enter into the Leased Premises and/or to the Zone.

### 25.2 License Violations

(a) A Licensee carrying out activities other than those permitted by the License shall be subject to a fine of AED 5,000 for each violation.

(b) The Authority may revoke, cancel or suspend a License on occurrence of any of the following events, by serving a notice in writing to the Licensee:

- i) contravention of these Rules;
- ii) termination of the Lease Agreement, Sub-Lease Agreement or Musataha Agreement;
- iii) misrepresentation to the Authority;
- iv) failure to pay any amounts owed to the Authority, be it a fee, fine, penalty, dues or charges;
- v) abandonment of operations by the Licensee in accordance with Rule 17.1;
- vi) conduct of activities other than those permitted by the License;
- vii) assignment of the benefit or control of the Licensee to a third party without the written approval of the Authority; and
- viii) order of a Court or law enforcement authority.

(c) The Authority may revoke, cancel or suspend a License where the same is in public interest, for the protection of the reputation of the Authority or other grounds specified by the Authority.

(d) In the event a License is cancelled by the Authority, a Licensee shall pay all outstanding fees, penalties, expenses and costs that may be payable to the Authority or any other authority or body, as well as the dues payable to the Employees of the Licensee.

### 25.3 Employment Violations

(a) The Authority may impose the prescribed fine on a Licensee on occurrence of any of the following events:

1.) a fine of AED 5,000 per Employee, for employment by a Licensee of a person who is an Employee of another Licensee, without the approval of the Authority;

2.) a fine of AED 7,500 per employee, for:

i) illegal employment of a person not sponsored by the Authority under Rule 14.1;

ii) illegal employment of a person not approved by the Authority under Rule 14.5; and

iii) allowing an Employee to work for an entity other than the Licensee, without obtaining the prior written approval from the Authority and other concerned authorities.

(b) The Authority may, on a repetition of any of the violations by a Licensee, as set out in Rule 25.3.(a):

i. impose an additional fine of AED 10,000; and

ii. suspend the License.

(d) A Licensee who fails to pay its workers' salaries on due date, actions will be taken against such Licensee as per the Authority's Violation Code as amended.

#### 25.4 Construction Violations

The Authority may impose a fine of AED 5,000 per breach of the any of the following and AED 20,000 for any subsequent breach of the following:

i. Building Regulations;

ii. Building Permit;

iii. Rule 12 of these Rules; or

iv. Rule 15 of these Rules.

#### 25.5 Operation Fitness Certificate Violations

A Licensee operating without a valid Operation Fitness Certificate will be liable to a fine of AED 5,000 per day.

#### 25.6 Health, Safety and Waste Disposal Violations

(a) The following fines shall be payable by a Licensee for disposal of waste in a manner other than as prescribed in Rule 20.5:

i. for the first offence - a fine of AED 5,000;

ii. for the second offence - a fine of AED 25,000; and

iii. for the third offence – a fine and such other remedial measures determined by the Authority.

(b) The Authority may impose a fine of a maximum of AED 200,000 on the Licensee for serious violations of EPDA regulations, with severe effects such as:

i. direct negligence leading to death or serious injury;

ii. discharge of untreated or industrial waste or hazardous materials without EPDA approvals; and

iii. mishandling, abandonment or unsafe storage of dangerous products or materials.

(c) Prior to determining the fine under Rule 25.6(b) above, the Authority may investigate the circumstances leading to the violation.

#### 25.7 Unauthorized Entry

In the event an individual enters the Authority's Zone without appropriate authorization, and where such entry is a result of a Licensee aiding or abetting such entry, then the Licensee shall be warned in the first instance. Any subsequent violations shall result in a fine of AED 1,000 per unauthorized entry per person.

25.8 Other Violations

- (a) A fine up to AED 5,000 fine for a violation of a Rule not specifically provided in this Rule 25.
- (b) In the event of a violation of the Rules in respect to Sub-Lease Agreements, the Sub- Lessor and Sub-Lessee shall be jointly liable to pay a fine of AED 10,000 on each violation.

26 Ban for Entry or Exit

- 26.1 The Authority may ban the entry of a personnel of a Licensee, including an Employee and products and entry or exit of products of a Licensee, who has failed to remedy violations of these Rules.
- 26.2 The intention to impose a ban will be notified to a Licensee in writing and in all cases giving a Licensee a period of fifteen (15) days to remedy the violation contemplated under these Rules.
- 26.3 It is understood that once imposed, a ban will not be lifted until the violation has been rectified by the Licensee.
- 26.4 In the event of failure to remedy a violation as mentioned under this Rule 26, the Authority may repossess the Leased Premises of the breaching Licensee.
- 26.5 The measures mentioned in this Rule 26 are without prejudice to the Authority's rights to take such other legal actions as it may deem proper to protect its rights and interest.