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**RAK MARITIME CITY FREE ZONE**

**RMC RULES**

1<sup>st</sup> Edition (2013)

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# RAK MARITIME CITY FREE ZONE

## RMC RULES

### 1. Introduction

- 1.1 The RAK Maritime City Free Zone ("**RMC Free Zone**") was created by Emiri Decree No. 21 of 2009 dated 9 December 2009 ("**Emiri Decree**"). Pursuant to the Emiri Decree, RMC Free Zone is to be governed by rules and regulations to be determined by the RMC Authority as appropriate to an industrial maritime free zone and consistent with international standards and best practices. This document sets out those rules (the "**RMC Rules**"). Capitalised terms used in the RMC Rules are defined at Schedule 1.
- 1.2 The purpose of the RMC Rules is to explain the governance structure of RMC Free Zone, to set out the basis on which companies can apply for a licence to develop facilities on land in RMC Free Zone, and to establish a framework to ensure that all companies undertaking activities in RMC Free Zone do so in a safe, secure and responsible manner, consistent with all Applicable Laws and international best practices.
- 1.3 The RMC Rules apply to all Licensees and Licensee Parties within RMC Free Zone, as well as any other persons and all vehicles in RMC Free Zone, and should be read in conjunction with all other Applicable Laws which may apply to RMC Free Zone or to persons or entities working, operating or doing business in RMC Free Zone from time to time. Nothing in the RMC Rules should be regarded as conflicting with, or overriding, any Applicable Laws.
- 1.4 These RMC Rules may be revised by the RMC Authority at its discretion. Any such revisions will be posted on the RAKMC Website, and the most recent version will apply at all times. Any person or entity working, operating or doing business in RMC Free Zone must check for updates to the RMC Rules.
- 1.5 The RMC Authority shall, in addition to its roles and responsibilities as set out in the RMC Rules, provide such assistance as a Licensee may require in relation to its interactions with all Relevant Authorities in relation to its project or investment in the RMC Free Zone. In providing this assistance, however, the RMC Authority is merely using its good offices to assist the Licensee and nothing shall be construed as a commitment or guarantee on the part of the RMC Authority to obtain, or to incur any costs or expenses in connection with, or suffer any liability as a result of a failure to obtain, the services or Approvals required of the Relevant Authorities by a Licensee. The Licensee remains fully responsible for obtaining all such Approvals from the Relevant Authorities.

### 2. Governance

- 2.1 RMC Free Zone is managed and governed by the RMC Authority in accordance with the Emiri Decree. The RMC Authority is mandated to create policies and procedures appropriate to the nature of RMC Free Zone, its business communities and invitees. It has the power to lay down rules and regulations for the operation and management of RMC Free Zone, review and amend such rules and regulations at its discretion and implement all laws and decisions establishing RAKMC.
- 2.2 The RMC Authority may issue notices and develop policies to regulate, improve and enhance the operation of RMC Free Zone including in relation to the environment, health and safety, corporate governance, anti-corruption, safety and security. Unless required by Applicable Law, any new policies for RMC Free Zone will be preceded by a period of

consultation.

- 2.3 All those working, operating or doing business in RMC Free Zone acknowledge and accept the RMC Authority's jurisdiction and right to govern RMC Free Zone on the terms set out in the RMC Rules and its right to construct, own and manage any Common Infrastructure required.
- 2.4 Entities violating the RMC Rules will be subject to the penalties set out in the Tariff and/or such other fines and sanctions as may be issued by the RMC Authority pursuant to its then current policies and procedures or as otherwise determined. The RMC Authority may levy fines and issue sanctions against entities or persons which the RMC Authority finds to be in breach of the RMC Rules or who otherwise cause nuisance, disturbance or disruption to the RMC Authority, its agents, Licensees, or Licensee Parties, or damage to Common Infrastructure.
- 2.5 The RMC Rules shall apply from the date on which they are first published on the RAKMC Website. It is recognised, however, that specific transitional arrangements may be agreed between the RMC Authority and existing Licence holders as at that date.

### **3. General Provisions**

- 3.1 Any person or entity working, operating or doing business in RMC Free Zone must hold either: (a) a valid Registration, Lease and Business Licence, or (b) a Services Licence.
- 3.2 A Licensee may only conduct such activities as are specified in its Licence, and is subject to, and must be in compliance with, the RMC Rules and all Applicable Laws at all times. Business Licensees must conduct all of their business or operations within RMC Free Zone in order to maintain a valid Licence and Registration.
- 3.3 The RMC Authority has the sole and exclusive right to approve or decline any application for Registration, a Lease, an Interim Business Licence, a Business Licence or a Services Licence in RMC Free Zone by any person or entity, and accepts no liability for any loss arising as a result of such decision. The RMC Authority may levy fees from time to time in respect of services and facilities provided to Licensees and applicants. Such fees are payable in advance in accordance with the rates and charges set out in the Tariff.
- 3.4 The RMC Authority shall only be obliged to correspond with Authorised Representatives of a Licensee or applicant. Appointment of, and changes to, Authorised Representatives and Authorised Signatories must be made in writing to the RMC Authority in accordance with paragraph 4 of Appendix 1. The RMC Authority may accept and rely upon the authority of any Authorised Representative or Authorised Signatory without further enquiry.
- 3.5 The RMC Authority may issue notices and develop policies relating to the use of Common Infrastructure, management of sub-communities within RMC Free Zone, the management and control of those working or otherwise undertaking any activity within RMC Free Zone, planning requirements, the jurisdiction of the RMC Authority and any other matter that in the RMC Authority's sole and exclusive opinion is required to achieve the objectives set out in or contemplated by the RMC Rules.
- 3.6 Each Licensee will indemnify the RMC Authority and RMC Free Zone against all penalties, liabilities, costs, losses or damages incurred in connection with any acts or

omissions of a Licensee Party, or any person under the control of such party, whilst working or acting on behalf of the Licensee.

- 3.7 Each Licensee shall be responsible for putting the necessary financing arrangements in place to fund the construction and operation of its Project Facilities, and recognises that the RMC Authority does not provide any direct or indirect financial or credit support to Licensees, whether in the form of contractual commitments, financial or performance guarantees or otherwise.

#### **4. RMC Free Zone Licences**

- 4.1 The RMC Authority issues entities with either: (i) a licence to build, own and operate a business in RMC Free Zone (“**Business Licence**”); or (ii) a licence to perform works or services in RMC Free Zone for or on behalf of, or to, the holder (or holders) of a Business Licence (“**Services Licence**”).

- 4.2 Each Licence shall state: (i) the number, issue and expiry date of the Licence; (ii) the name, legal status and address of the Licensee; (iii) the activities which the Licensee is licensed to conduct in RMC Free Zone; and (iv) the Licensee’s Authorised Representatives.

- 4.3 Licences issued by the RMC Authority are valid only in RMC Free Zone. Licensees are strictly forbidden from carrying out activities in RMC Free Zone other than those appearing on their Licence.

- 4.4 A Business Licence is valid for 12 months from the date of issue. A Services Licence is valid for the duration of contract of works or services which the Licensee Party has undertaken to provide to the Licensee, as the same is confirmed to the satisfaction of the RMC Authority. However, a Services Licence will automatically expire upon the expiry of the Business Licence in relation to which it has been issued.

- 4.5 Licences must be renewed no later than 30 days prior to the date of expiry of the current Licence. Failure to do so may result in a fine as set out in the Tariff and may also lead to permanent revocation of the Licence, an application for renewal of a Licence being declined and/or revocation of Registration.

#### **5. RMC Free Zone Leases**

- 5.1 All first applications for a Business Licence must be made in conjunction with an application for a Lease of a Plot from which the applicant shall operate. The holder of a Services Licence is not entitled to apply for a Lease in RMC Free Zone.

- 5.2 Rent and all other charges and terms and conditions related to a Lease will be specified in the Lease Agreement. The RMC Authority has the ultimate right and jurisdiction to charge and collect fees referred to in the RMC Rules and the Lease Agreement from all those having a Lease in RMC Free Zone, without recourse to any other authority.

- 5.3 Business Licensees are not permitted to share or sub-lease their premises without the prior written approval of the RMC Authority. The RMC Authority reserves the right to reject any application for a sub-lease and to charge a fee annually for each approved sub-lease.

5.4 The RMC Authority may, or any Relevant Authority may, inspect the premises of Business Licensees from time to time to assess compliance with Applicable Laws. Business Licensees shall provide all necessary facilities for entry, inspection, examination and testing to authorised representatives of the RMC Authority or any Relevant Authority, in pursuit of such representatives' duties under these rules. Licensees hindering such representatives may be liable to fines.

## **6. Application Process**

To apply for (i) an Interim Business Licence; (ii) a Lease; (iii) a Business Licence; or (iv) a Services Licence, the applicant must follow the procedures set out in Appendix 1 to the RMC Rules.

## **7. Performance of Works and Services**

7.1 No works may be commenced or services rendered until all applicable Approvals have been obtained from all Relevant Authorities for such works or services, copies provided to the RMC Authority by the Licensee and the Licensee has received a Commencement NOC – Works issued by the RMC Authority.

7.2 All works and services must be commenced, rendered, conducted and completed in accordance with Applicable Laws, all relevant Approvals, and the terms of the Lease Agreement, and must be performed to the standards and specifications required by any Relevant Authority or, in the absence of such standards, to international standards and practices for similar works or services as applicable.

7.3 The Business Licensee's Plot must be fenced in to the standards required by the RMC Authority within two months of the grant of a Licence. All signage must be approved by the RMC Authority prior to installation.

7.4 The Project Facilities constructed by (or on behalf of) Business Licensees may not deviate materially from those in respect of which all relevant Approvals have been obtained.

7.5 Licensees must liaise with all Relevant Authorities to obtain confirmation that all works have been completed, or services rendered, in accordance with all relevant Approvals. Following completion of works or services, the Business Licensee must submit a Completion Confirmation to the RMC Authority. The RMC Authority may, if it deems necessary, conduct an inspection of the Project Facilities to determine that they are complete and operational. Upon review of the Completion Confirmation and, if applicable, completion of any inspection, the RMC Authority will acknowledge acceptance of the Completion Confirmation.

7.6 Following receipt of the acknowledgement referred to in paragraph 7.5, the Business Licensee must submit to the RMC Authority promptly an Operations Confirmation. The RMC Authority may require a Business Licensee to submit copies of the following documents prior to issuance of Commencement NOC – Operations: (i) a health and safety manual covering the Licensee and Licensee Parties; (ii) a site security plan for the Licensee's Plot; and (iii) any other documentation the RMC Authority may deem necessary. Following review of the Operations Confirmation and any further documentation required by the RMC Authority, the RMC Authority will issue a Commencement NOC – Operations to the Business Licensee. No operations may be commenced prior to receipt of Commencement NOC – Operations.

## **8. Cancellation, Revocation or Non-renewal of Licences**

8.1 The RMC Authority may cancel, revoke or not renew a Licence immediately upon written notice to a Licensee immediately upon written notice if a Licensee:

- (i) is found to have provided to the RMC Authority materially inaccurate or misleading information regarding its business or operations;
- (ii) no longer has the Approvals required to undertake works, or services, or its operations (whether revoked, cancelled or not renewed), or at any time ceases to be eligible to renew its Licence;
- (iii) has acted or is acting in breach of, or in a manner which is contrary to, the terms of its Licence, its Lease Agreement, or any Applicable Laws;
- (iv) has behaved or is behaving in a manner which shows a disregard for the RMC Authority or any Applicable Laws, including a failure to pay any fees, rent, fines, service or other charges set out in the Tariff when due and payable;
- (v) is not operating or otherwise carrying on its business in any material respect; or
- (vi) is acting or has acted in a manner which the RMC Authority believes is materially detrimental or prejudicial to the reputation and interests of the RMC Authority, RMC Free Zone, any other Licensee, the general public or RAK.

8.2 If a Licence is cancelled, revoked or not renewed, all outstanding matters relating to that Licence (including but not limited to outstanding dues) must be settled by the Licensee. No refunds of licence fees or any items paid according to the Tariff will be made in respect of cancellations, revocations or non-renewals of licences.

## **9. Termination of a Lease**

9.1 On expiry or termination of a Lease whether by the passage of time, termination or any other reason:

- (i) all outstanding matters relating to that Lease (including but not limited to outstanding dues) must be settled by the Licensee regardless of whether the termination process was initiated by the Licensee or the RMC Authority;
- (ii) the Business Licensee's right, title and interest in the Plot and any Project Facilities constructed on the Plot shall terminate automatically and cease to have effect, whereupon all rights of possession to any part of the Plot shall revert to the RMC Authority and the Business Licensee shall surrender to the RMC Authority possession of the Plot together with the Project Facilities constructed on the Plot without payment of any cost or compensation by the RMC Authority;
- (iii) the Project Facilities at the Plot shall, at the sole discretion of the RMC Authority, either (a) devolve on and vest solely and absolutely in the RMC Authority; or (b) be removed from the Plot by, and at the sole risk, cost and expense of, the Business Licensee and the Plot reinstated and remediated to its

former condition, without payment of any cost or compensation by the RMC Authority; and

- (iv) any waste material must be properly and safely disposed of in accordance with the requirements of all Relevant Authorities, and at the cost, expense and risk of the Business Licensee.
- 9.2 The RMC Authority shall be entitled to utilise cash from a Security Deposit in respect of such costs and expenses as may be incurred by the RMC Authority in returning the Plot to its condition prior to the grant of the Lease to the Business Licensee.
- 9.3 If, during the term of a Lease Agreement, the RMC Authority believes that the Business Licensee may not have the financial capability to meet the potential costs of remediation of the Plot at the end of the Lease term, the RMC Authority may require the Business Licensee to provide financial security to the RMC Authority in an agreed form and sufficient to meet the anticipated remediation costs.
- 9.4 If a Licensee abandons any materials or products on the Plot, then the RMC Authority shall issue a notice to the Licensee's recorded address of the RMC Authority's intention to treat such goods as abandoned. If the abandoned goods have not been removed by a date specified by the RMC Authority, it will act to remove them without further reference to the Licensee. Any costs incurred by the RMC Authority in doing so will be for the account of the Licensee. The RMC Authority may, at its discretion, auction the abandoned goods to expedite clearance of the facility and/or to recover any outstanding dues, and shall not be required to account to the Licensee for any proceeds.

## **10. Insurance**

- 10.1 Licensees are required to maintain their own policy of insurance in accordance with the terms of their Lease Agreement and good international practice for similar facilities and businesses. Such insurance shall be in the joint names of the Licensee and the RMC Authority.
- 10.2 Neither the RMC Authority, its affiliates, business units or any of their employees, officers or agents will be liable for any loss of or damage to any property in or from any land which is the subject of a Lease, any buildings or structures on such land or any vehicles, due to any reason, including without limitation, theft or natural calamity.
- 10.3 All Licensees must hold valid insurance policies (such as contractor all risks policies) as well as third party insurance policies on terms acceptable to the RMC Authority, and provide a copy of such policy to the RMC Authority upon request. In particular, all Licensees must hold and maintain: (i) valid third party liability (or public liability) insurance in respect of their business operations amounts notified by the RMC Authority on issuance of the Licence; and (ii) valid workmen's compensation insurance policies to cover permanent injury/disability and all related medical expenses in accordance with the provisions of the Labour Law. When assessing the acceptability and adequacy of insurance coverage, the RMC Authority will refer to international insurance standards and practices for the insurance of similar businesses and risks in comparable business sectors and for similar facilities, and activities.
- 10.4 The RMC Authority may, at its discretion, require that a copy of any insurance policy referred to above or required by Applicable Laws be forwarded to the RMC Authority



together with a certificate issued by the insurance provider advising of the date of expiry and agreeing to give the RMC Authority 30 days' notice of the expiry of that policy.

- 10.5 The RMC Authority may, at its discretion, arrange property all-risks insurance and third party liability insurance in respect of all property owned by the RMC Authority including the Common Infrastructure.

## **11. Products**

- 11.1 No retail trading is permitted in RMC Free Zone, and the manufacture and marketing of contraband items is strictly forbidden.

- 11.2 A Licence only applies within RMC Free Zone. Licensees are not entitled to sell their products in the UAE except in accordance with Applicable Laws. However, potential customers may visit a Business Licensee's premises in RMC Free Zone to view products.

- 11.3 All movement of products into or out of RMC Free Zone, whether on a permanent or temporary basis, must be in accordance with Applicable Laws including applicable regulations from time to time issued by the Ras Al Khaimah Customs Department.

## **12. Health, Safety and Environment**

- 12.1 The RMC Authority shall be entitled to introduce rules and regulations, or impose conditions or restrictions, relating to matters concerning health, safety and the environment, and to monitor the application in RMC Free Zone of Applicable Laws relating to the same.

- 12.2 All Licensees must ensure that they are aware of, and fully comply at all times with, all Applicable Laws relating to health, safety and environmental matters that are relevant to them, their activities and/or operations, and all activities and/or operations of Licensee Parties in RMC Free Zone. In addition, each Licensee will be expected to prepare and adhere to health, safety and environmental policies that accord with best international practices for their particular industry or activity in which the Licensee is engaged.

- 12.3 Licensees shall be responsible for the removal from RMC Free Zone of all light (i.e. non industrial) waste and all sewerage waste, as well as the treatment, removal and disposal of all industrial waste, in each case in accordance with all Applicable Laws and the requirements. The RMC Authority may require Licensees to prepare waste management plans that outline how waste will be managed during the construction and operational phases of the Project Facilities.

## **13. Sponsorship Arrangements**

- 13.1 The RMC Authority will perform the role of sponsor in relation to holders of Interim Business Licences and Business Licences in accordance with the terms of the Sponsorship Agreement entered into between the RMC Authority and each such holder.

- 13.2 Licensees will be responsible for discharging all of their duties in relation to their employees in accordance with Federal Law No. 8 of 1980 (as amended) (the "**Labour Law**"). The Labour Law will apply to all persons employed in RMC Free Zone in addition to the RMC Rules.

- 13.3 In addition to the undertakings set out in the Sponsorship Agreement, all Business Licensees should establish a set of basic work rules for the benefit of all employees. As a minimum, such work rules should include details of working hours, employee health and safety in the workplace, employee conduct and the Business Licensee's grievance and disciplinary procedures.
- 13.4 Where an employee's contract of employment is terminated or expires and is not renewed both the Business Licensee and the employee must deliver a signed letter of confirmation, in such format as may be specified by the RMC Authority from time to time, confirming that the employment has terminated and that the Business Licensee has paid, and the employee has received, all sums due and owing to the employee (including, without limitation, any applicable end of service gratuity payment). Failure by the Business Licensee to promptly notify the RMC Authority of a terminated employee may result in a fine as set out in the Tariff.
- 13.5 If an employee is believed to have absconded from his or her employment the Business Licensee must promptly file a report of such unauthorised absence with the RMC Authority. The Business Licensee will be liable to pay all applicable fines and fees in relation to such absconding employee. Failure by the Business Licensee to promptly notify the RMC Authority of an absconding employee may be subject to fines set out in the Tariff. The RMC Authority will notify the Ras Al Khaimah Immigration Department and will also advertise the absence in the local press. The cost of such advertisements and any related costs shall be for the account of the concerned Business Licensee.
- 13.6 The RMC Authority shall be entitled to charge a fee in relation the administrative costs involved in receiving, processing and issuing confirmations, letters or other communications (such as no objection certificates) on behalf of an employees or otherwise.
- 14. RMC Free Zone Access**
- 14.1 RMC Free Zone contains within its boundaries a demarcated ISPS governed area which covers the waterfront areas of RMC Free Zone (the "**ISPS Zone**"). The ISPS Zone is fenced and has separate access requirements to the rest of RMC Free Zone.
- 14.2 All employees of a Business Licensee will be issued with: (i) a unique Employment Card; and (ii) a Free Zone access pass. In addition, all employees of Business Licensees operating from Plots within the ISPS Zone will be granted access to the ISPS Zone subject to satisfaction of all applicable legal and regulatory requirements to which the ISPS Zone (and access to it) are subject. Business Licensees must immediately notify the RMC Authority of the cessation of an employee's contract of employment so that the Employment Card can be cancelled.
- 14.3 All employees of Services Licensees will be issued with access passes specifically limited whether by reference to time, location, duration or otherwise, that are required to the extent necessary to perform the works or services for which they have been engaged by the holder of a Business Licence. Services Licensees must immediately notify the RMC Authority of the cessation of an employee's contract of employment so that the access pass can be cancelled.
- 14.4 Access passes and Employment Cards may be obtained by applying to the RMC Authority using the relevant forms found on the RAKMC Website. All Licensees must ensure that

all Employment Cards and access passes are returned to the RMC Authority immediately upon cessation of employment for any reason or expiry of the relevant pass, as the case may be. Failure to do so may result in the imposition of fines.

- 14.5 If an Employment Card or access pass is lost or stolen the Licensee must immediately notify the RMC Authority. Replacement of Employment Cards and access passes will be issued subject to the payment of the applicable fee as specified in the Tariff. Failure by a Licensee to notify the RMC Authority of a lost or stolen Employment Card or access pass will attract a fine as set out in the Tariff.

## **15. Traffic Affairs**

- 15.1 The roads within RMC Free Zone are treated as public highways for federal licensing and registration purposes. The RMC Authority may request a Licensee to produce evidence that all drivers, operators and vehicles are properly licensed and registered with the Traffic Department or other Relevant Authority.

- 15.2 All vehicles must be roadworthy and in compliance with all Applicable Laws pertaining to vehicle safety. Drivers violating will be reported to the Ras Al Khaimah Police and may be subject to penalties imposed by the Traffic Department.

- 15.3 All vehicles must adhere to the RMC Authority's and other relevant regulations concerning parking in RMC Free Zone. Vehicles may only be parked at authorised locations which may be subject to charges. Any vehicle found to be parking in breach of regulations or in an unauthorised location anywhere within RMC Free Zone may be reported to the Relevant Authorities and may be liable for a fine as set out in the Tariff.

## **16. Security and Fire**

The RMC Authority shall be entitled to introduce rules and regulations, or impose conditions or restrictions, relating to matters concerning security, fire safety and emergency protection measures, and to monitor the application in RMC Free Zone of Applicable Laws relating to the same. The costs of compliance with any such rules and regulations will be for the account of the Licensees.

## **17. Violations of Rules**

- 17.1 Any Licensee found to be in violation of any provision of the RMC Rules shall be guilty of an offence which, if not remedied within the time frame required by, and to the satisfaction of, the RMC Authority, shall render the Licensee liable to fines and sanctions in accordance with the RMC Rules.

- 17.2 Any Licensee committing violations deemed by the RMC Authority as "serious" will be automatically subject to a fine as specified in the Tariff and/or suspension or revocation of the Licence and Registration. Where an offence is not explicitly covered in the Tariff then the RMC Authority may levy an appropriate fine or penalty that is commensurate with the severity of the offence and the level of loss, damage and/or inconvenience caused by the offence. The payment of any fine or penalty shall be in addition to and not in substitution of any civil and/or criminal penalties that may apply.

- 17.3 All fines, charges or other financial penalties imposed upon a Licensee or any other party in accordance with the RMC Rules, if unpaid after a period of 90 days, may be set off from

any money owed by the RMC Authority to the Licensee, added to the Licence renewal fees or recovered from the Licensee as a debt.

- 17.4 Without prejudice to the above, the RMC Authority may deduct any amounts owing to it from a Licensee's Security Deposit or require settlement of such amounts from the Licensee's Security Fund and, in either case, the RMC Authority may require the Licensee to make good the amount deducted from the Security Deposit or paid out from the Security Fund, as the case may be.
- 17.5 The RMC Authority reserves the right to suspend access passes issued to Licensees who fail, after warning, to remedy violations of the RMC Rules.
- 17.6 Ignorance of any provision of the RMC Rules, a Licence, a Lease or any of the Applicable Laws will not excuse or mitigate any lack of compliance with the relevant provisions.
- 17.7 The RMC Authority reserves the right to disconnect electricity supply to premises in the event that any accounts payable to the RMC Authority are not paid within the prescribed period. A re-connection charge may be payable before the supply is restored.

## SCHEDULE 1

### Definitions

In addition to terms defined elsewhere in this document, the definitions set out below apply throughout the RMC Rules, unless the contrary intention appears:

- Applicable Law** means each of the following, as the same may be supplemented, amended, replaced or repealed from time to time:
- (i) the laws enacted or to be enacted in RAK or by the Federal legislature of the UAE;
  - (ii) all regional and international laws to which the UAE is a signatory;
  - (iii) any other laws, decrees and/or regulations that relate to or govern any of the matters referred to in the RMC Rules;
  - (iv) all regulations, orders, codes of practice or other legislation (including delegated or subordinate legislation) made under any of the items identified in (i) – (iii) above, including the RMC Rules themselves; and
  - (v) all building regulations, health, fire and safety regulations, and all regulations, requirements, by-laws of any municipality, local authority, national or public utility company or other authority relevant or applicable to the works, activities and/or operations to be carried on in RMC Free Zone.
- Approvals** means and includes all permits, licences, consents, approvals, certificates, registrations, no objection certificates or authorizations, as well as filings of notifications, reports or assessments, necessary (as the case may be) for (i) the commencement and completion of the works or services, (ii) the continued operation of the Project Facilities (or the decommissioning of the same) and (iii) as evidence towards a Licensee's or a Licensee Party's ongoing compliance with all Applicable Laws;
- Authorised Representative** means, in relation to a Licensee or applicant for a Licence, any person authorised to represent the Licensee or applicant, as the case may be, before the RMC Authority;
- Authorised Signatory** means, in relation to a Licensee or applicant for a Licence, any person authorised to sign documents on behalf of a Licensee or applicant, as the case may be;
- Business Licence** has the meaning given at paragraph 4.1 and shall include the holder of an Interim Business Licence to the extent such interim Licence remains valid;

<b>Commencement NOC - Works</b>	means a no objection certificate issued by the RMC Authority confirming that it is satisfied that all Approvals required for proposed works or services have been received;
<b>Commencement NOC - Operations</b>	means a no objection certificate issued by the RMC Authority confirm that it is satisfied that the Project Facilities are complete and operational and that all Approvals required for operations have been received;
<b>Common Infrastructure</b>	means shared areas within RMC Free Zone including roads, pathways and walkways; power, water, sewerage and telecommunications conducting media and other utility related facilities; administrative areas and any land occupied by any Relevant Authority; and all other associated areas and services that are from time to time notified by the RMC Authority as being areas under its control, maintenance, management and administration for the benefit of all Licensees in RMC Free Zone; and any other parts of RMC Free Zone not available for lease to Licensees;
<b>Companies Regulations</b>	means regulations issued by the RMC Authority concerning the establishment and operation of entities in RMC Free Zone;
<b>Completion Confirmation</b>	means a written notice from a holder of a Business Licence confirming that the works or services undertaken by or on behalf of such holder have been completed in accordance with all Applicable Laws and the requirements of all relevant Approvals, and to which copies are attached of all completion acknowledgements or certificates from Relevant Authorities;
<b>Employment Card</b>	means an employment card issued by the RMC Authority to an employee of a Business Licensee;
<b>EPDA</b>	means the Environment Protection & Development Authority (RAK);
<b>EPDA NOC</b>	means a no objection certificate issued by the EPDA confirming that the EPDA has no objection to the Licensee's proposed project, subject to compliance with all Applicable Laws, including EPDA Regulations;
<b>EPDA Regulations</b>	means all guidance, policies, rules, regulations, laws and similar issued by the EPDA or in respect of matters within the jurisdiction of the EPDA, from time to time;
<b>Initial Approval</b>	has the meaning given at paragraph 1.4 of Appendix 1;
<b>Initial Meeting</b>	has the meaning given at paragraph 1.1 of Appendix 1;
<b>Interim Business Licence</b>	has the meaning given at paragraph 2.1 of Appendix 1;
<b>ISPS</b>	ISPS means the International Ship and Port Facility Security Code

	published by the International Maritime Organization;
<b>ISPS Zone</b>	has the meaning given at 14.1;
<b>Labour Law</b>	has the meaning given at 13.2;
<b>Lease</b>	means either a lease or a right of <i>Musataha</i> in respect of a Plot;
<b>Lease Agreement</b>	means either a lease agreement or a <i>Musataha</i> agreement entered into between a Licensee and the RMC Authority in respect of a Lease;
<b>Licence</b>	means either a Business Licence or a Services Licence;
<b>Licensee</b>	an entity licensed to operate within RMC Free Zone and holding a valid Licence;
<b>Licensee Party</b>	means any employees, agents, advisers, consultants, contractors, subcontractors, suppliers, sub-suppliers, visitors, and any other person working or acting on behalf of a Licensee;
<b>Operations Confirmation</b>	means a written notice from a Business Licensee confirming that all Approvals and insurances required for the start up and operation of the Project Facilities have been obtained, and to which copies of all such Approvals and insurances must be attached;
<b>Plot</b>	means a parcel of land in RMC Free Zone assigned, or offered to be assigned, to a Licensee or applicant, as the case may be, by way of a right of <i>Musataha</i> or, if appropriate, by way of a Lease;
<b>Project Facilities</b>	means all buildings, facilities and plant built by a Licensee on a Plot pursuant to the terms of a Lease Agreement and Licence;
<b>Project Overview</b>	means a preliminary overview of the proposed project including outline design drawings, basic specifications of and plans for the Project Facilities;
<b>RAK</b>	means the Emirate of Ras Al Khaimah;
<b>RAKMC Website</b>	means RMC Free Zone's website found at <a href="http://www.rakmaritimecity.ae">www.rakmaritimecity.ae</a> ;
<b>RAK Municipality</b>	means the Department of the Municipality of the Government of the Emirate of Ras Al Khaimah;
<b>Registration</b>	means the registration by the RMC Authority pursuant to Companies Regulations of a RAKMC company or RAKMC branch permitting that company or branch to undertake business activities within RMC Free Zone subject to the provisions of the RMC Rules and <b>Registered</b> is interpreted accordingly;
<b>Relevant Authority</b>	means any free zone, Emirate or federal body having jurisdiction over any aspect of the operation of or activities in RMC Free Zone

or a person operating in RMC Free Zone;

<b>RMC Authority</b>	means the body authorised or designated from time to time as responsible for the administration of RMC Free Zone;
<b>Security Deposit</b>	means a cash deposit in an amount determined by the RMC Authority, identified in a Lease Agreement and deposited in an account designated by the RMC Authority for the purpose of meeting any demands for payment levied by the RMC Authority pursuant to the RMC Rules or by any other Relevant Authority;
<b>Security Fund</b>	means a cash fund comprising monthly payments in amounts determined by the RMC Authority, set out in a Lease Agreement and deposited in a segregated account of a Licensee for the purpose of meeting any demands for payment levied by the RMC Authority pursuant to the RMC Rules or by any other Relevant Authority;
<b>Services Licence</b>	has the meaning given at paragraph 4.1;
<b>Sponsorship Agreement</b>	means an agreement in the form published by the RMC Authority from time to time, the latest version of which will be made available on the RAKMC Website;
<b>Tariff</b>	means the tariff of fees and penalties published by RAKMC on its website, as the same may be revised from time to time; and
<b>Traffic Department</b>	means the Ras Al Khaimah Police traffic department.



## APPENDIX 1

### Application Process

#### 1. INITIAL MEETING

- 1.1 Prior to applying for a Business Licence or a Lease, an applicant should contact the RMC Authority through the RAKMC Website to arrange an initial meeting at which representatives of the applicant will be required to provide information about its proposed project within RMC Free Zone (an "**Initial Meeting**") in sufficient detail to allow the RMC Authority to form a reasonably accurate overview of the proposed project. Such information shall include: (i) a statement of the intended activities to be conducted within RMC Free Zone; (ii) requirements for land area and location; (iii) key information about proposed facilities and infrastructure; and (iv) feasibility study and a business plan for a period of no less than 3 years from the date on which operations commence.
- 1.2 The RMC Authority will then contact the applicant within 7 days of the Initial Meeting confirming whether the RMC Authority: (i) is prepared to proceed with the application process in respect of the activities discussed at the Initial Meeting; (ii) requires further information in relation to the proposed project or operations of the applicant; or (iii) is unable to proceed further with the application.
- 1.3 The RMC Authority may, in its absolute discretion and following careful analysis of the proposed investment, project or development, permit an applicant to submit an application for a Business Licence and a Lease without first having to obtain Initial approval or receive an Interim Business Licence.
- 1.4 If the RMC Authority is satisfied with the information received at the Initial Meeting or pursuant to paragraph 1.2 above, it shall issue an initial approval to proceed (the "**Initial Approval**") which will include a plan showing the Plots potentially available for the applicant's proposed project and invite the applicant to attend a site selection meeting at RMC Free Zone at which the RMC Authority and the applicant will discuss Plot selection.
- 1.5 Within 14 days of the site-selection meeting, the applicant must confirm to the RMC Authority its preferred choice of Plot and the RMC Authority shall, within 30 days of receipt of such confirmation, allocate such Plot to the applicant on a provisional basis, it being clear that any such allocation shall not give rise to any legal or other rights in, or interests over, such Plot in favour of the applicant.
- 1.6 If the RMC Authority declines to continue with an application, the applicant shall be entitled, at any time, to submit a further request for an Initial Meeting based on an entirely new project proposal or substantially amended project proposal. The applicant may contact the RMC Authority to seek guidance on the reason for the RMC Authority's decision not to proceed with the original application but the RMC Authority is not required to provide the reasons for its refusal.

## **2. INTERIM BUSINESS LICENCE**

- 2.1 At any time within 90 days after receipt of Initial Approval, an applicant may apply for an interim licence which entitles an applicant to commence applications for incorporation and Registration, a Lease and a Licence (an "**Interim Business Licence**").
- 2.2 To apply for an Interim Business Licence, the applicant must hold a provisional Plot allocation and provide the RMC Authority with: (i) an application for an Interim Business Licence in the prescribed form (together with payment of the then applicable application fee); (ii) a detailed Project Overview; and (iii) any preliminary approvals or no objection certificates identified by the RMC Authority and the applicant as being necessary or desirable.
- 2.3 The RMC Authority will consider an application for an Interim Business Licence on receipt of the foregoing documents, and may request further information from the applicant at any time and may require representatives of the applicant to attend meetings to discuss the proposed activities and facilities. Such consultation shall not exceed a period of 90 days, at or prior to the end of which the RMC Authority will either notify its decision to the applicant or agree with the applicant a further consultation period.
- 2.4 Interim Business Licences shall be valid for 3 months or such longer period as the RMC Authority may, in its discretion, determine at the end of which period the Interim Business Licence will lapse and cease to be of any effect. The Interim Business Licence may stipulate that, upon grant of a Licence, the applicant shall obtain and maintain insurance cover for specific risks and to a level agreed with the RMC Authority.

## **3. LEASE**

- 3.1 To apply for a Lease, the applicant must hold an Interim Business Licence (except to the extent paragraph 6.3 applies) and submit to the RMC Authority a copy of an EPDA NOC; and such other documentation or information requested by the RMC Authority.
- 3.2 The RMC Authority may consider an application for a Lease concurrently with its consideration of an application for a Licence and the Lease will be granted concurrently with the Licence subject to agreement between the RMC Authority and the applicant in relation to the precise terms of the Lease Agreement. If the applications for Lease and Licence are accepted, the RMC Authority shall deliver to the applicant an endorsed copy of the Project Overview at the same time that it delivers the Lease Agreement signed on behalf of the RMC Authority.

## **4. BUSINESS LICENCE**

- 4.1 To apply for a Business Licence, the applicant must: (i) hold an Interim Business Licence; (ii) have a valid Registration (or simultaneously applying for Registration pursuant to the Companies Regulations); (iii) be established as a Free Zone entity (or simultaneously applying for such establishment pursuant to the Companies Regulations); (iv) be simultaneously applying for a Lease; and (v) submit the following to the RMC Authority:
- (a) an application for a Business Licence in the prescribed form;
  - (b) full details of the applicant's intended activities including plans and technical data for buildings, plant and machinery to be utilised for such activities;

- (c) full details of the applicant's proposed insurance arrangements; and
  - (d) certified copies of photo pages of passports of all Authorised Representatives and certified copies of photo pages of passports and sample signatures of all Authorised Signatories.
- 4.2 The RMC Authority will consider an application for a Business Licence on receipt of all documents referred to above. The RMC Authority may request further information from the applicant at any time and may require representatives of the applicant to attend meetings to discuss the proposed activities and facilities. The issuance of a Business Licence shall be conditional upon prior Registration and the grant of a Lease although, in the case of first Licence applications, the RMC Authority shall consider applications for Registration, a Lease and a Licence to be mutually conditional.
- 4.3 The RMC Authority will not issue a Business Licence until it is satisfied that all fees and charges in respect of the application process (including expenses incurred by the RMC Authority in reviewing and evaluating such applications) have been met by the proposed Licensee. The RMC Authority may, by notice in writing at any time, place conditions or restrictions on a Business Licence that are necessary or desirable to protect the interests of RMC Free Zone, other Licensees, the general public or the RMC Authority.
- 4.4 Business Licensees must notify the RMC Authority immediately of any changes which might impact upon the accuracy of a Business Licence (including, but not limited to, changes to contact details, shareholders, manager, Authorised Signatories or Authorised Representatives, or business activity). A written notice specifying the changes must be submitted to the RMC Authority together with the appropriate fee as specified in the Tariff and a request to the RMC Authority to issue an updated Business Licence. A Licensee may not undertake any activities covered by a change of activity application unless and until the RMC Authority has approved the amendment and issued a new Licence.
- 4.5 To be eligible for renewal of a Business Licence, the Licensee must: (i) continue to be a validly Registered; (ii) hold a valid Lease and operational premises in RMC Free Zone; (iii) be in, and have been in, continuous compliance with the requirements of the RMC Rules, Applicable Laws and its Lease Agreement; and (iv) pay the renewal fee as specified in the Tariff. The Licensee must also:
- (a) demonstrate good financial standing by submitting its latest audited financial statements or such other evidence as the RMC Authority may reasonably request;
  - (b) continue to be ultimately beneficially owned by parties with whom RAK is not prohibited from doing business (whether by Applicable Laws or policy); and
  - (c) provide copies of all Approvals and insurances covering the renewal period, and any other documents or information requested by the RMC Authority.

## **5. SERVICES LICENCE**

- 5.1 To apply for a Services Licence, the applicant must be validly registered elsewhere in the UAE to undertake the works, or to provide the services, it proposes to provide to the Business Licence holder in RMC Free Zone, and submit the following to the RMC Authority:

- (i) an application for a Services Licence in the prescribed form, together with a copy of the relevant Business Licence;
  - (ii) full details of the applicant's intended activities in RMC Free Zone;
  - (iii) full details of the applicant's proposed insurance arrangements in respect of its proposed project and operations;
  - (iv) certified copies of the photo pages of the passports of all Authorised Representatives and certified copies of the photo pages of the passports and sample signatures of all Authorised Signatories; and
  - (v) such other documentation as the RMC Authority may reasonably request in light of the identity of the applicant, the services or works the applicant proposes to provide, and the nature of the applicant's presence in the UAE.
- 5.2 The RMC Authority will consider an application for a Services Licence on receipt of all documents referred to above. The RMC Authority may request further information from the applicant at any time and may require representatives of the applicant to attend meetings to discuss the proposed activities and facilities.
- 5.3 The RMC Authority will not issue a Services Licence until it is satisfied that all fees and charges in respect of the application process (including expenses incurred by the RMC Authority in reviewing and evaluating such applications) have been met by the proposed Licensee. The RMC Authority may, by notice in writing at any time, place conditions or restrictions on a Services Licence that are necessary or desirable to protect the interests of RMC Free Zone, other Licensees, the general public or the RMC Authority.
- 5.4 A holder of a Services Licence must immediately notify the RMC Authority of any changes which might impact upon the accuracy of a Services Licence (including, but not limited to, changes to contact details, shareholders, manager, the Authorised Signatories or Authorised Representatives, or business activity). A written notice specifying the changes must be submitted to the RMC Authority together with the appropriate fee as specified in the Tariff and a request to the RMC Authority to issue an updated Services Licence. A Licensee may not undertake any activities covered by a change of activity application unless and until the RMC Authority has approved the amendment and issued a new Licence.

## APPENDIX 2

### Sponsorship Agreement

This Sponsorship Agreement (the “**Agreement**”) is made with effect as of \_\_\_\_\_.

By and between,

**RAK Maritime City (“Sponsor”);**

*[insert details of Business Licence holder]* (the “**Employer**”).

- (1) Employer wishes to obtain work permits and residency visas (“**Visas**”) for the purpose of employing the individuals listed under Schedule A of this Agreement (“**Employees**”) in the RAK Maritime City Free Zone (“**Free Zone**”).
- (2) Sponsor shall, subject to the terms and conditions of this Agreement, and Employer’s compliance herewith, arrange and facilitate under its own sponsorship Visas for the Employees to work for Employer in RMC Free Zone (the “**Services**”).
- (3) Employer shall comply with all Applicable Laws including the Immigration Law and any applicable law and regulation of each Employee’s country of origin.
- (4) Terms capitalised but not defined herein shall have the meaning given to them in the RMC Rules.

#### DEFINITIONS

“**Guarantee**” means a refundable, irrevocable, unconditional and absolute bank guarantee issued by a bank licensed and operating in the UAE in favour of the Sponsor, or the provision of a refundable cash deposit by the Employer to Sponsor.

“**Immigration Law**” means the UAE Immigration Law, being Federal Law No. 6 of 1973, as amended from time to time.

“**RMC Rules**” means the rules of the RAK Maritime City in force from time to time.

#### 1. SPONSOR’S COVENANTS

Sponsor shall sponsor the persons listed as Employees under Schedule A provided by Employer. Schedule A shall be updated from time to time by the Employer, subject to compliance with the Immigration Law and any other Applicable Laws.

#### 2. EMPLOYER’S COVENANTS

- 2.1 Employer shall pay all fees required by Sponsor in connection with the Services as soon as possible upon receipt of an invoice, without any withholding or delay on account of any claim, counterclaim, set-off or otherwise.

- 2.2 Employer shall ensure the suitability for employment of each Employee, and hereby certifies to Sponsor that Employer has verified the relevant degrees and credentials of each Employee to be as represented in the application for the Employee's visa.
- 2.3 Employer shall ensure that each Employee qualifies to be a resident in the UAE according to the Immigration Law and Applicable Laws.
- 2.4 Employer shall not permit or require an Employee, during the period of sponsorship hereunder, to work on a permanent basis for any party other than Employer, without prior written permission from Sponsor.
- 2.5 Employer shall not permanently employ at its Free Zone facility any employee not sponsored by Sponsor unless such employee is a citizen of the UAE.
- 2.6 Employer shall act as principal in regard to the payment of all emoluments to any Employee sponsored herein and said Employees shall remain on the payroll of Employer at all times.
- 2.7 Employer shall provide Employees with at least the minimum conditions of employment as prescribed under Applicable Law, and shall provide the Employee with a valid written employment contract signed by Employer and Employee (the "**Employment Contract**") a copy of which shall be provided to the Sponsor on request.
- 2.8 Employer shall comply with Applicable Laws. Employer shall require all Employees to comply with the Applicable Laws including but not limited to any offence under UAE Criminal Code No. 3 of 1987. In the event that an Employee has committed an offence involving moral turpitude or a crime of which Employer becomes aware, Employer shall promptly notify Sponsor and take corrective action as it deems appropriate.
- 2.9 Employer shall renew its Business Licence and any other requisite permission required by Sponsor within thirty (30) days after the date of expiry, or any lesser period as may be required by the applicable law or regulation.
- 2.10 Employer shall take all steps to ensure that any identification cards, access passes and health cards issued by the Department of Health or any other official documents issued by Sponsor for the purpose of this Agreement are returned to Sponsor within thirty (30) days from the date of resignation, termination or death of an Employee, as the case may be.
- 2.11 Unless an Employee obtains a new residence visa within thirty (30) days after his/her resignation or the termination of his/her Employment Contract, Employer shall provide the Employee with an air ticket for a single trip to the country of origin of such Employee, and shall take all reasonable steps to ensure that the Employee leaves the UAE.
- 2.12 Employer shall provide Sponsor with an annual report, within the first thirty days of every year, designating the status (i.e. if still under employment or not) of all Employees.
- 2.13 Employer shall provide Sponsor with a Guarantee of UAE Two Thousand Five Hundred 00/100 Dirhams (AED 2,500.00) for each Employee. The Guarantee is a bond in respect of the performance by Employer of its obligations and liabilities under this Agreement and will only be held and applied by Sponsor accordingly.

2.14 Employer shall provide the Sponsor with a copy of a valid insurance policy from a reputable insurer, reasonably satisfactory to Sponsor, confirming that the insurance has been put in place by the Employer with regard to: (a) Third Party Liability insurance including personal liability cover for bodily injury, death or damage to third parties that may arise through Employer's operation and business (including without limitation negligent act or omission of an Employee); and (b) Workmen compensation and workplace health and safety.

### **3. TERMINATION OF SPONSORSHIP**

3.1 Sponsor may terminate the sponsorship of any Employee by giving thirty (30) days written notice to Employer in the event that any one or more of the following occur:

- (i) Cancellation, revocation or non-renewal of the Business Licence or Lease Agreement;
- (ii) Employer: (a) becomes insolvent, or enters into liquidation; (b) is not operating or otherwise carrying on its licensed activities/business; or (c) breaches of any material terms or conditions of this Agreement by the Employer which is not cured within seven (7) days of having been given notice by Sponsor;
- (iii) Employee: (a) fails to abide by Applicable Laws (including conviction of a criminal offence in the UAE (other than minor traffic violations); or (b) ceases to be employed by the Employer.

3.2 Employer may require the termination of the sponsorship of any Employee by giving thirty (30) days written notice to Sponsor, subject to Employer's compliance with its obligations herein, in the Employment Contract and under all Applicable Laws.

3.3 The expiry or termination of this Agreement for any reason shall be without prejudice to any obligations which may have occurred upon the Parties prior to the date thereof.

### **4. LIABILITY AND INDEMNITY**

4.1 Sponsor shall not be liable to Employer under any circumstance for any act, default or omission on the part of the Employees.

4.2 For the purpose of this Agreement only, Sponsor shall act as an agent of the Employer and the Employment Contract shall represent a primary obligation of Employer to the Employee. Sponsor shall not be liable under any circumstance to Employer or to any third party for any act, defaults or omissions by or on behalf of any Employee sponsored herein arising out of the performance or purported performance or non performance of his/her duty pursuant to this Agreement. Sponsor shall be deemed an intended third party beneficiary to any Employment Contract entered into by Employer and any Employee in the understanding the Sponsor shall never be deemed an obligor to an Employee.

4.3 Employer shall be responsible for any and all amounts due to the Employees whether under the Employment Contract or any Applicable Law in relation to the residence and employment of the Employees in the UAE, and for any amount otherwise payable to Sponsor.

4.4 Sponsor shall in no event assume liability for or be deemed liable hereunder as a result of any action of Employer, nor shall Sponsor be liable by reason of any act or omission of Employer in its performance of its Visa sponsorship functions hereunder.

4.5 Employer shall defend, indemnify and hold harmless Sponsor from and against any loss, costs, expenses, demands or liability whether direct or indirect arising out of, or in any way connected to any act, neglect or default of Employer or Employees asserted by them or by any third party, and against all losses or damage to any tangible or intangible property (including without limitation Sponsor property) that may arise from the performance or purported performance or non performance of this Agreement or the Employment Contract.

**5. CHOICE OF LAW AND DISPUTE RESOLUTION**

This Agreement shall be governed by and construed in accordance with laws of the United Arab Emirates and any dispute shall be referred to the exclusive jurisdiction of the courts of the Emirate of Ras Al Khaimah.

**IN WITNESS WHEREOF**, the parties have executed the Agreement as of the day and year first written above.

**RAK Maritime City**

\_\_\_\_\_  
"The Employer"

By : \_\_\_\_\_

By : \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

(To be signed by the Authorized Signatory)



**SCHEDULE A**

**(List of Employees provided by Employer)**

**APPENDIX 3**

**Tariffs**

*[To be provided by RMC]*