

 Nominated Subcontractors under UAE Construction Law: Legal Framework, Contractual Relationships, and Practical Considerations

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Overview

The nominated subcontractor system is an important feature of construction projects in the United Arab Emirates (UAE), particularly in large-scale developments requiring specialised technical expertise. Although the concept is widely recognised in construction practice, the legislation of the UAE does not expressly define a nominated subcontractor. Consequently, the legal framework governing nominated subcontractors is primarily derived from contractual arrangements and the general principles regulating contracts of works (Muqawala).

This Practice Note examines the legal framework governing nominated subcontractors in the UAE. It explains the distinction between nominated subcontractors and ordinary subcontractors, analyses the legal relationship between the employer, the main contractor, and the nominated subcontractor, and discusses the principal characteristics of nominated subcontractors. It further considers the obligations of the main contractor, the liability of the nominated subcontractor, and the principal legal issues arising from the nominated subcontractor system, particularly in relation to responsibility, contractual risk allocation, and dispute avoidance.

Definitions

- *Contract of works (Muqawala)*: A contract whereby one party undertakes to perform work for another party in consideration of remuneration.
- *Main contractor*: The contractor directly engaged by the employer under the main construction contract and responsible for the overall execution of the project.
- *Nominated subcontractor*: A subcontractor selected or imposed by the employer or the engineer, in accordance with the terms of the contract, upon the main contractor, with the main contractor being obliged to contract with such subcontractor provided that the subcontractor satisfies the specified conditions for carrying out a particular portion of the specialised works.
- *Ordinary subcontractor*: A subcontractor freely selected by the main contractor without intervention from the employer for the execution of part of the works.
- *Employer*: The party engaging the main contractor for the execution of the project.
- *Engineer*: The person appointed under the construction contract to supervise the execution of the works and, where applicable, nominate specialised subcontractors.
- *Subcontract*: The agreement concluded between the main contractor and the subcontractor for the execution of part of the works.
- *Technical specifications*: The contractual requirements governing the quality, standards, and method of execution of the works.
- *Liability*: The legal responsibility arising from contractual breach, negligence, or failure to perform contractual obligations.

Practical Guidance

Who is the nominated subcontractor?

The legislation of the UAE does not expressly define the nominated subcontractor. However, in practice, a nominated subcontractor is understood to be:

A subcontractor selected or imposed by the employer or the engineer, in accordance with the terms of the contract, upon the main contractor, with the main contractor being obliged to contract with such subcontractor provided that the subcontractor satisfies the specified conditions for carrying out a particular portion of the specialised works.

Difference between the nominated subcontractor and the ordinary subcontractor

- **Selection authority**: The nominated subcontractor is selected by the employer or the engineer, whereas the ordinary subcontractor is selected solely by the main contractor.
- **Freedom of the main contractor**: The main contractor's freedom is restricted where a nominated subcontractor is imposed, whereas it has complete discretion when selecting an ordinary subcontractor.
- **Liability**: The main contractor remains responsible to the employer in both situations. However, liability may be affected where the default results directly from the employer's or engineer's nomination.
- **Purpose of nomination**: Nomination generally ensures specialised works are performed by entities possessing specific expertise or qualifications.

Legal nature of the relationship between the main contractor and the nominated subcontractor

The legal relationship is established through a subcontract entered into between the main contractor and the nominated subcontractor. Although the employer nominates the subcontractor, the contractual relationship remains directly between the main contractor and the nominated subcontractor unless the contract expressly provides otherwise.

The relationship gives rise to the following obligations:

- The nominated subcontractor performs the specialised works in accordance with the subcontract.
- The main contractor pays the nominated subcontractor in accordance with the subcontract.
- The main contractor remains responsible to the employer for completion of the project, including the nominated subcontractor's works, except where the contract or law provides otherwise.

Characteristics of the nominated subcontractor

- Prior nomination by the employer or engineer.
- Technical specialisation.
- Direct contractual relationship with the main contractor.
- Technical and administrative independence.
- Compliance with project specifications and supervision instructions.
- No direct contractual relationship with the employer unless otherwise provided.

Obligations of the main contractor

- Enter into a subcontract.
- Enable commencement of the works.
- Coordinate all contractors.
- Pay the subcontractor.
- Provide drawings and technical information.
- Exercise overall supervision.

Liability of the nominated subcontractor

- Execute the works in accordance with the contract.
- Comply with the project schedule.
- Remedy defects.
- Compensate for negligence or contractual breach.
- Comply with occupational health and safety requirements.

Nomination does not exempt the subcontractor from liability for professional or technical errors.

Principal legal issues affecting the nominated subcontractor system

- Overlapping responsibilities.
- Restrictions on contractor selection.
- Conflicting instructions.
- Payment disputes.
- Project delays.
- Difficulties in risk allocation.
- Increased contractual complexity.

Conclusion

The nominated subcontractor system represents an important contractual mechanism for the execution of specialised construction works in major engineering projects. It enables employers to secure specialised expertise while maintaining greater control over the quality of particular aspects of the works.

The effectiveness of this system depends upon a clear contractual framework defining the rights and obligations of all parties, allocating responsibility appropriately, and establishing effective coordination and dispute resolution mechanisms.

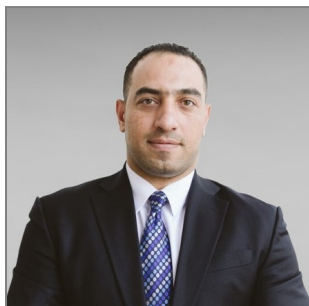
Accordingly, precise contractual drafting and adherence to sound contractual practices remain essential to achieving a fair balance between the interests of the employer, the main contractor, and the nominated subcontractor.

Related Content

Legislation

- Federal Decree-Law No. 25/2025 Issuing the Civil Transactions Law
- Federal Decree-Law No. 50/2022 On the Promulgation of the Commercial Transactions Law

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Biography

Mohamed Said Taha is a highly accomplished Legal Advisor at SAT & Co, with nearly two decades of experience spanning the UAE and Egypt. His career began in Egypt, where he gained a strong foundation in litigation and client advisory work. Relocating to Dubai, he built an impressive track record over more than ten years at prominent regional law firm, before bringing his extensive expertise to SAT & Co.

Mohamed's practice encompasses a wide range of legal disciplines, including rental, real estate, labour, civil, commercial, and criminal law. He is especially known for his meticulous drafting of legal memoranda, claims, and procedural submissions, as well as his ability to navigate complex litigation processes with precision. His experience includes electronic case registration, coordination with Dubai Courts, and effective engagement with public prosecution systems—capabilities that allow him to manage high-pressure cases seamlessly.

Over the course of his career, Mohamed has managed more than 500 cases, achieving over 100 favorable outcomes in real estate disputes alone. His track record features notable wins against leading regional developers, along with successful resolutions in sensitive financial and criminal matters. Known for his strategic foresight, legal acumen, and unwavering commitment to clients, Mohamed is a trusted advisor in high-stakes disputes.