

Key points on consensual termination

Private-sector employees in Monaco

- Law No. 1.583 of 2 December 2025 introduced the **mutually agreed termination of permanent employment contracts (CDI)** in Monaco.
- Mutually agreed termination has been applicable since 13 March 2026 to **existing CDIs and those entered into after that date.**
- It allows the employer and the employee to terminate the CDI by mutual agreement **under the conditions and in accordance with the procedure laid down by the Law.**
- It entitles the employee to a **specific severance payment** and to the **return-to-work allowance.**

Features of the consensual termination

Mutually agreed and structured termination

- **Principle:** the employer and the employee mutually agree on the terms of the termination of the permanent contract by entering into a written termination agreement in accordance with the provisions of Law No. 1.583.
- The termination agreement is **reviewed and approved by the Labour Inspectorate.**
- **Freedom of consent:** the termination cannot be imposed on the other party, otherwise it will be null and void or reclassified (dismissal, resignation).
- Termination by mutual agreement **cannot be prohibited by a collective agreement.** Any clause to the contrary shall be deemed null and void.

Parties

to the consensual termination

Employers, employees concerned

- Law No. 1.583 applies to **employers in the private sector** and to **employees on permanent contracts** (CDI).
- A mutual termination agreement cannot be entered into with an employee on a permanent contract who is currently on a probationary period.
- It may be agreed with a **protected employee** (staff representative, trade union representative, harassment officer).
- Law No. 1.583 does not prohibit it with an employee during a period of suspension of the employment contract (e.g. due to illness, an accident at work, or maternity leave).

Approval of the termination agreement

Labour Inspection supervision

- The Labour Inspectorate is responsible for **verifying** that the information contained in the termination agreement complies with Law No. 1.583, and for **approving** it.
- **Production of documents:** the Labour Inspector may request that the parties provide any document he or she deems relevant.
- **Hearings:** the labour inspector may (in the case of an unprotected employee) or must (in the case of a protected employee) hear the parties.
- The labour inspector may ask the parties to **amend the termination agreement.**

The stages of a consensual termination

A supervised process

- The procedure begins with **one or more meetings** to allow the parties to discuss the principle and terms of the termination of the permanent contract.
- If an agreement is reached, a **written agreement** is drawn up in accordance with the **template** annexed to **Ministerial Order No. 2025-715 of 24 December 2025**.
- The parties then have a **cooling-off period of at least 7 calendar days** to reconsider their decision.
- At the end of this period, the termination agreement may be **submitted to the Labour Inspectorate** for approval.

The request for a consensual termination

Initiate the termination procedure

- A mutual termination agreement may be initiated by **either the employer or the employee**.
- Law No. 1.583 imposes **no formal requirements regarding the request for a meeting or its organisation**, with a view to agreeing on the principle and terms of the mutual termination agreement.
- The request may therefore be made **verbally** (in person, by telephone) **or in writing** (by post, email).
- The employer or the employee, as the case may be, is under **no obligation to respond** to the request for a mutual termination agreement.

Meeting(s) on consensual termination

Agree on the terms

- The **terms and conditions** of the termination of the contract must be discussed by the employer and the employee during **at least one preliminary meeting**; otherwise, the termination agreement is void.
- **Assistance:** during the meeting, the employee may be assisted by a representative. If this is the case, the employer may also be assisted by a representative. Law No. 1.583 sets out the persons who may be chosen.
- Before the meeting takes place, each party must inform the other of their intention to be assisted and of the identity of the person chosen, in writing and within the time limits required by Law No. 1.583. Failing this, the meeting must be postponed.

Contents



of the termination agreement

Ministerial Order No.2025-715

- The **termination agreement** signed following the meeting(s) must be drawn up in accordance with the **template published in Annex I of Ministerial Order No. 2025-715**, and must include the following **mandatory information**:
- **Employer and employee details** (identity, contact details, length of service, remuneration, etc.);
- **Conduct of the procedure** (date of the meeting(s), with or without assistance);
- **Terms of the termination** (agreed conditions, amount of the specific compensation, date of termination which may not be set before the day following approval, expiry of the withdrawal period);
- **Date, place, “Read and approved”, signature.**
- Any contractual provision contrary to Law No. 1.583, which is a matter of **public policy**, shall be deemed null and void.

Severance pay for consensual termination

Determination of the specific allowance

- The **amount** of the specific severance payment due to the employee is **freely negotiated** with the employer, **subject to the statutory minimum** determined on the basis of length of service, as follows:
 - **< 2 years' service:** at least $\frac{1}{4}$ month's salary per year; pro rata for incomplete years.
 - **≥ 2 years' service:** at least the amount of the severance pay provided for in Article 1 of Law No. 845 (calculated in accordance with the French statutory redundancy pay).
- The employer must pay the employee the full amount within one month of the date of termination of the permanent contract.

Withdrawal after signing the agreement

Right to change mind

- The **withdrawal period** (the end date of which must be specified in the termination agreement) is **a minimum of 7 calendar days from the date of signature**. The parties may agree on a longer period.
- The party withdrawing must **inform the other party** by any means that provides proof of the date of dispatch of the letter or of hand-delivery against a receipt. They are not required to give a reason.
- An employee who withdraws shall not be subject to disciplinary action or to any measure that adversely affects the course of their career.

Application for approval of the agreement

Ministerial Order No. 2025-715

- Once the withdrawal period has expired, the employer or the employee must **submit a request for approval to the Labour Inspectorate**, failing which the request will be deemed inadmissible:
- by submitting it **in person against a receipt** at the Service's secretariat, or **by registered post with acknowledgement of receipt** (in both cases, two original copies of the termination agreement must be submitted),
- or **via the online service** (in this case, one copy of the termination agreement must be submitted).

The application for approval may be submitted from the day after the end of the withdrawal period.

Approval of the termination agreement

Processing time

- From the date of receipt of the application for approval, the **Labour Inspectorate** has **15 working days to verify the validity** of the termination agreement.
- Where both parties have submitted an application for approval, the 15-day period begins from the date of the first application.
- **Suspension of the 15-day period:** where the Labour Inspector requests documents (until they are received), conducts interviews with the parties (until they are completed), or requests amendments to the termination agreement (until the amended agreement is received).

Approval of the termination agreement

Unprotected employee

- Where the employee does not have the status of a protected employee, the Labour Inspector **may hear the parties during a meeting**, either together or separately.
- The stamp affixed by the Labour Inspector to each copy of the termination agreement constitutes **approval**.
- Failure by the Labour Inspectorate to respond within the specified time limit also constitutes approval. The parties may obtain a certificate of implied approval.
- The Labour Inspector must give reasons for any decision to **refuse approval**.

Approval of the termination agreement

Protected employee

- Where the employee has the status of a protected employee (staff representative, trade union representative, harassment officer), the Labour Inspector must **systematically hear the parties during a meeting**, either together or separately, within the timeframe they set.
- The stamp affixed by the labour inspector on each copy of the termination agreement constitutes **approval**.
- The labour inspector must give reasons for any decision to **refuse approval**.
- Failure by the Labour Inspectorate to respond by the end of the specified time limit shall be deemed a refusal of approval.

Challenging the consensual termination

Jurisdiction of the Labour Court

- Any appeal concerning the termination agreement, its approval or the refusal to approve it must be brought **before the Labour Court**, to the exclusion of any other judicial or administrative proceedings.
- The approval of the termination agreement cannot be the subject of a dispute separate from that relating to the termination agreement itself.
- The appeal to the Labour Court must be lodged, on pain of inadmissibility, **within six months of the date of approval or the date of refusal to approve** the termination agreement.

Penalties



provided for by Law No. 1.583

Fine

- Offences punishable by a **fine of between €1,000 and €2,250:**
- (Any party) **Imposing, through fraud, violence, coercion or threats,** the use of a contractual termination, or the use of terms or conditions included in the termination agreement, which are not prescribed by Law No. 1.583 or Ministerial Order No. 2025-715.
- (Employer) **Failing to pay the employee the specific allowance** within the prescribed time limit, or in full, or making its payment conditional upon its subsequent repayment.
- In the event of a **repeat offence within the 12 months** preceding the offence in question: the fine shall be doubled.

Key takeaways on consensual termination

Points to note

- Unlike dismissal or resignation, which result from the decision of the employer or the employee respectively, the termination of a permanent contract by mutual agreement **cannot be imposed**.
- It **does not require justification**.
- The **end date** of the employment contract, following approval by the Labour Inspectorate, is freely negotiated by the parties.
- The **procedure** is relatively straightforward.
- The employee is entitled to a **specific severance payment** and to **unemployment benefit**.