Commercial Agencies Law

Royal Decree no. M/11, dated 20/2/1382H (corresponding to 22/7/1962)

With the help of Allah,

On behalf of His Majesty the King,

We, Faisal bin Abdulaziz Al Saud,

Deputy King of Saudi Arabia,

After reviewing Article 19 of the Ministers Council Law, issued upon the Royal Decree No. 38, dated 22/10/1377H (corresponding to 12/5/1958), and based on the Ministers Council’s Resolution No. 89, dated 13/2/1382H (15/7/1962),

And based on what has been presented by the Prime Minister,

HEREBY DECREE THE FOLLOWING:
1. Approving the Law of Commercial Agencies according to the attached formula.
2. The Prime Minister and the Minister of Commerce and Industry shall put this Decree into enforcement. (We pray Allah for all success).

King’s Signature

Commercial Agencies Law

Article 1:
Non-Saudi persons, whether natural or legal, shall not act as commercial agents in the Kingdom of Saudi Arabia. And the capital of the Saudi companies functioning as commercial agencies shall be entirely Saudi. Also, the board of directors, as well as those authorized to sign on their behalf, shall be Saudis.

Article 2:
Commercial agents working at the time of the issuance of this law, and do not apply to Article 1, shall be given a period for the liquidation of their businesses, and transfer them to Saudi commercial agents, within a period of two years from the date of the enforcement of this law. The Minister of Commerce and Industry shall determine that period for each agent separately, taking into consideration the acceleration of liquidation, the nature of work, as well as the aforementioned time limit.

Article 3:
No one shall do the tasks of the commercial agent unless enrolled in the register prepared for that purpose in the Ministry of Commerce and Industry. The Minister of Commerce and industry shall issue a decision implicating the creation of that register, including such information as: name of the retailer or company, kind of commodity, name of the entrusted company, date of the agency, as well as its duration in case the agency has a specific time limit. Applications for registration in that register, along with the other registration credentials, shall be submitted to the Deputy Minister of Commerce and Industry. And registration shall not be rejected except for non-Saudis, or a Saudi prohibited from trade, or ineligible to practice it. Those who have their registration rejected may appeal to the Minister of Commerce and Industry.

Article 4:
All those working as commercial agents in violation to the provisions of this law shall be fined with no less than SR 1000, and no more than SR 5000. Provided that the violation is attributed to a foreigner, or to a Saudi company with one or more non-Saudi partners, the punitive actions shall include, in addition to the aforementioned fine, administrative liquidation of the commercial agency. Besides, practice of trade may be prohibited forever, or for a specific duration. Also, the Minister of Interior, upon a recommendation from the Minister of Commerce and Industry, may decide to deport the foreigner from the country.

Article 5:
Registration fees of the Agencies Register shall be as follows:
- 50 Saudi Riyals for retailers.
- 100 Saudi Riyals for companies.
- Fees shall be paid at one go.

**Article 6:**
This law shall come into enforcement after three months from the date of its publishing.

King's Signature

---

**Royal Decree no. M/5, dated 11/6/1389 (corresponding to 25/8/1969), implicating amendment of the Law**

Amendments introduced to the Law

Royal Decree No. M/5, dated 11/6/1389 (corresponding to 25/8/1969)

With the help of Allah,

We, Faisal bin Abdulaziz Al Saud,

King of Saudi Arabia,

After reviewing Articles 19 and 20 of the Council of Ministers Law,

After reviewing the Commercial Agencies Law, issued under the Royal Decree No. 11, 1382H, as well as the Calibration and Metrology Law, issued under the Royal Decree No. 29, 1383H,

And after reviewing the Council of Ministers’ Resolution no. 347, dated 14-15/5/1389H (corresponding to 29-30/7/1969),

**HEREBY DECREE THE FOLLOWING:**
**First:** The following text shall be added to the Commercial Agencies Law, issued under the Royal Decree No. 11, 1382H, as well as the Calibration and Metrology Law, issued under the Royal Decree No. 29, 1383H.

1. A three-member commission shall be formed by the Ministry of Commerce and Industry, under a decision by its minister, to enforce the penalties stipulated in the Commercial Agencies Law, and the Calibration and Metrology Law.
2. Decisions of the commission may be appealed to the Minister of Commerce and Industry within fifteen days from notifying the appealer, or those acting on his behalf, or otherwise the commission’s decisions shall be considered final by virtue of the expiry of the mentioned duration, and the approval of the Minister of Commerce and Industry.

**Second:** The Deputy Prime Minister and Minister of Commerce and Industry shall put this decree into force.

---

*Royal Decree no. M/8, dated 20/3/1393H (corresponding to 24/4/1973) for amending the law*

With the help of Allah,

We, Faisal bin Abdulaziz Al Saud,

King of Saudi Arabia,

After reviewing Articles 19 and 20 of the Council of Ministers Law, issued upon the Royal Decree no. 38, dated 22/10/1393H (corresponding to 18/11/1973),

And after reviewing the Council of Ministers’ Resolution no 302, dated 16/3/1393H (corresponding to 20/4/1973),

HEREBY DECREE THE FOLLOWING:

First: Approving the cancellation and amendment of the fees stipulated in the Council of Ministers’ Resolution No. 302.
Second: The Deputy Prime Minister, Minister of Finance and National Economy, Minister of Interior, and Minister of Commerce and Industry shall put this decree into force, each within his jurisdiction.

King's Signature


With the help of Allah,

We, Khalid bin Abdulaziz Al Saud,

King of Saudi Arabia,

After reviewing Articles 19 and 20 of the Council of Ministers Law,

After reviewing the Commercial Agencies Law, issued under the Royal Decree no. 11, 1382H, amended by the Royal Decree no. 5, 1389, and the Royal Decree no. 8, 1393.

And after reviewing the Council of Ministers’ Resolution no. 124, dated 19/7/1400H (corresponding to 3/6/1980),

HEREBY DECREE THE FOLLOWING:

First: Amending Article 4 of the Commercial Agencies Law, issued under the Royal Decree no. 11, dated 20/2/1382H (corresponding to 22/7/1962), to be as follows: Violators of the provisions of this law and its implementing regulation shall be fined with no less than SR 5000, and no more than SR 50000, along with publishing the verdict at the expense of the violator. And those affected shall maintain their right to claim compensation. Provided that the violation is attributed to a foreigner, or to a Saudi company with one or more non-Saudi partners, the punitive actions shall include, in addition to the aforementioned fine, administrative liquidation of the commercial agency. Besides, practice of trade may be prohibited forever, or for a
specific duration. Also, the Minister of Interior may decide to deport the foreigner from the country in the light of the penalty decreed against him. And the Ministry of Commerce must inform the Minister of Interior of the foreigner or non-Saudi partner.

**Second:** The following articles shall be added to the Commercial Agencies Law, issued under the Royal Decree no. 11, dated 20/2/1382H (corresponding to 22/7/1962):

**Article 1:**
Without prejudice to any further laws, the Commercial Agencies Law, issued under the Royal Decree no. 11, dated 20/2/1382H (corresponding to 22/7/1962), and its amendments shall be applied to all those contracting with producers, and those speaking on their behalf in their country when doing business; they may be agents or distributors, including all forms of agency and distribution.

**Article 2:**
Without prejudice to any further laws or decisions regarding maintenance and spare parts, the agent or distributor shall be committed to:
A) Permanently providing the spare parts requested by consumers, as regards the products targeted by the agency, and providing other spare parts within a reasonable duration, according to the implementing regulation.
B) Providing the necessary products, and ensuring the manufacture quality, as well as the compliance with the conditions usually put forth by producers, on an ongoing basis, throughout the agency period, in addition to another year following the date of agency expiration, or the date of designating a new agent, whichever is earlier, in accordance with the implementing regulation.

**Article 3:**
The Minister of Commerce shall issue the implementing regulation of the Commercial Agencies Law, to be published in the Official Gazette.

**Article 4:**
The Ministry of Commerce shall prepare contract forms for guiding agents and distributors, containing all the basic contract information, such as the contract
parties, its place, temporal and spatial scope, and how to be renewed or cancelled, as well as the commitments of the two contract parties to one another, and their commitments towards consumers, especially with regard to providing maintenance and spare parts.

Third: The provision of (Article 2 – Second) of this decree applies to importers, even though not acting as agents or distributors, as well as all those practicing selling, either directly or through subcontracting, with the aim of gaining profits. All those violating this article shall be subject to the same penalty as that decreed against agents and distributors.

Fourth: This decree shall be published in the Official Gazette, and to be put into force from the date of publication.

Fifth: The Deputy Prime Minister, as well as all those concerned, shall put this decree into force, each within his jurisdiction.

Ministers Council’s Resolution no. 302, dated 16/3/1393 (corresponding to 20/4/1973)

The Ministers Council,

After reviewing the transaction sent by the Divan of Ministers Council Presidency, No. 15885, dated 14/8/1389H (corresponding to 26/10/1969), containing a letter from His Royal Highness the Minister of Finance and National Economy, No. 1946, dated 14/7/1379H (corresponding to 13/1/1960), implying the proposal, cancellation and amendment of some charges, including those of car licenses, in addition to the transaction No.25028 dated 27/12/1392H (corresponding to 1/2/1973) related to proposing the exemption of divers from charges, as is the case of fishermen,

And after reviewing the Royal Decree no. M/94, dated 6/11/1391H (corresponding to 24/12/1971), implying the endorsement of the Traffic Law, upon which car charges have been determined,
And after reviewing the recommendation put forth by the Financial Committee no. 485, dated 23/9/1392H (corresponding to 31/10/1972), based on the report presented by the committee formed by the Ministry of Finance and National Economy, the Ministry of Interior and the Ministry of Commerce and Industry, 

HEREBY DECREE THE FOLLOWING:

**First:** Approving the cancellation of the Stamp Unification Law, issued upon the Royal Approval in a letter by the High Divan, No. 5/2/9715, dated 8/11/1374H (corresponding to 29/5/1955), and all the amendments introduced to it, while keeping the Ministry of Finance and National Economy responsible for all valuable securities, as well as their arrangement and distribution.

**Second:** Approving the cancellation of the charges of import and selling licenses, stipulated according to Article 3 (amended) of the Banderole Law.

**Third:** Approving the cancellation of the charges imposed on divers, in compliance with the Fishing Law and the Coast Guard Law, along with continuing the enforcement of the provisions applicable to this group, without any further fees.

**Fourth:** Approving the amendment of the fee of the land passing ticket imposed on Saudis and foreigners, to be SR 3 for each ticket.

**Fifth:** Approving the amendment of the fee of the National ID Booklet stipulated in Article 35 of the Census Department Law, issued in compliance with the Royal Will No. 28/2/26, dated 24/6/1358H (corresponding to 10/8/1939), to be SR 1

**Sixth:** Approving the amendment of the fee of the distinguishing mark registration stipulated in Article 41, Chapter 6 of the Distinguishing Mark Registration Law, approved by the Royal Decree No. 23/1/4, dated 24/6/1358H (corresponding to 10/8/1939), thus changing the fee of the registration of one distinguishing mark to SR 500, and the registration shall be annually renewed for other SR 500, along with the cancellation of any further fees included in Chapter 6 of the aforementioned law.
Seventh: Approving the amendment of the fee of registration in the Agencies Register stipulated in Article 5 of the Commercial Agencies Law, endorsed by the Royal Decree No. 11, dated 20/2/1382H (corresponding to 22/7/1962), thus changing the registration fee of the Commercial Agencies Register for traders (either individuals or companies) to SR 500.

Eighth: Prepare a Draft Royal Decree, whose photo-copy is herein enclosed.

For the aforesaid this Decree was written.

Second Deputy of the Prime Minister

Ministerial Resolution no. 1897, dated 24/5/1401H (corresponding to 31/3/1981) for issuing the Implementing Regulation

Issuing the Implementing Regulation of the Commercial Agencies Law

The Minister of Commerce,

After reviewing the Competence Law of the Ministry of Commerce, issued under the Ministerial Resolution No. 66, dated 6/4/1374H (corresponding to 2/12/1954),

And after reviewing the Commercial Agencies Law, issued by the Royal Decree No. 11, dated 20/2/1382H (corresponding to 22/7/1962), amended by the Royal Decree No. 5, dated 11/6/1389H (25/8/1969),

And after reviewing the Royal Decree No. 32, dated 10/8/1400H (23/6/1980),

And upon the requirement of the public interest,

DECREE THE FOLLOWING:

Article 1: The Implementing Regulation of the Commercial Agencies Law shall be issued according to the attached formula.
Article 2: This Decree shall be published in the Official Gazette, and to be brought into enforcement by the competent authorities one month after its publishing.

Minister of Commerce,

Implementing Regulation of the Commercial Agency Law

Section 1

General Provisions

Article 1: The commercial agency related to the Commercial Agency Law, and its amendments, refers to all those dealing with the producers or those acting on their behalf in their respective countries to do business, whether they are agents or distributors, including all kinds of agency and distribution, for profit, commission or facilities of whatever kind. This includes the agencies of sea, air and land transport, and any other agencies determined by a resolution to be issued by the Minister of Commerce.

The agent or distributor may deal with sub-distributors, within the scope of the agency area. The main distributor, however, remains responsible for the statutorily enforced commitments towards consumers. As for the agencies of the services addressed by the law of the relation between the foreign contractor and Saudi agent, all provisions of the mentioned law (issued by the Royal Decree no. M/2, dated 20/1/1398H (corresponding to 31/12/1977) must be put into force.

Article 2: Non-Saudi persons, whether natural or legal, shall not act as commercial agents in the Kingdom of Saudi Arabia. And the capital of Saudi companies functioning as commercial agencies shall be entirely Saudi. Also, the board of directors, as well as those authorized to sign on their behalf, should be Saudis.

Article 3: Without prejudice to any further laws or decisions regarding maintenance and spare parts, the agent or distributor - throughout the agency period, in addition to another year following the date of agency expiration, or the date of designating a new agent, whichever is earlier - shall be committed to:
1. Permanently providing the spare parts requested by consumers, as regards the products targeted by the agency, and providing other spare parts rarely demanded, within thirty days from the date of the consumer’s request...
2. Providing the necessary maintenance for the products with reasonable prices, and ensuring the manufacture quality, as well as the compliance with the conditions usually put forth by producers, meanwhile taking into consideration the standard specifications adopted by the Kingdom of Saudi Arabia. These two provisions will apply to importers, even though not acting as agents or distributors, as well as all those practicing selling, either directly or through subcontracting, with the aim of gaining profits. All those violating this article shall be subject to the same penalty as that decreed against agents and distributors.
3. Respecting the conditions and positions of the guarantee documents provided by person entrusted, as regards the products of the contract.
4. Keeping in the selling store the documents elucidating prices of commodities at their sources, as well as the documents of their insurance, shipping, transport, and tariffs.

Article 4: The commercial agent or distributor shall be committee that all his papers, contracts, advertisements and official invoices related to the agency include his name, address, kind of agency, region, registration number in the Commercial Agencies Register and the Commercial Registration.

Article 5: The commercial agent or distributor shall be committed to enable those authorized for detecting violations to start their jobs and to cooperate with them and to comply with their requests within the framework of the provisions of this regulation.

Section 2

Registration Provisions

Article 6: No one shall do the tasks of the commercial agent unless enrolled in the register prepared for that purpose in the Ministry of Commerce and Industry. The registration application must be submitted within three months from the validation of the agreement. Applications for registration in that register, along with the other
registration credentials, shall be submitted to the Deputy Minister of Commerce and Industry or to the MCI branches, after receiving the applications, such branches must send them to the Deputy Minister to study the validity of the contract and documents to be registered by the competent department.

Article 7: Non-Saudis, as well as those whose registration documents are not complying with the Commercial Agencies Law and its implementing regulation, shall not be registered. Those who have their registration rejected may appeal to the Minister of Commerce within one month from being informed of the causes of rejection, whereupon his application will be restudied, in light of the claims he puts forth in his appeal, and the Minister of Commerce’s decision, in that regard, will be final.

Article 8: The Registration Application Form for the Commercial Agency or Distribution must include the following information:
1) Name of the commercial agent or distributor (an individual or company).
2) Main or secondary Commercial Registration number granting the applicant the right to practice agency.
3) Address of the agent or distributor.
4) Name of the person authorized to manage the shop or sign on his behalf.
5) Kinds and names of commodities and services enclosed in the contract.
6) Name and nationality of the entrusted person.
7) Address of the main center of the entrusted person.
8) Address of the industrial or agricultural center of the producer enclosed in the contract.
9) Region and period of the agency or distribution.

Article 9: Registration or distribution applications in the Commercial Agencies Register shall not be approved unless attached with these credentials:
1) Two issues of the agency or distribution contract (one of which is origin), signed by the competent authorities.
2) An accredited Arabic translation of the contract and any other documents written in a foreign language.
3) Photo-copy of the main or secondary Commercial Registration that authorizes the agency or distribution.
4) A written declaration by the registration applicant, whether he is an individual or company, that the capital is entirely Saudi, and that the person authorized to sign on his behalf is a Saudi as well.
5) A certificate from the Chamber of Commerce indicating paying the due subscription.

Article 10: the commercial agency or distribution contract must be:
A) Written and signed with the entrusted entity in its native country, or those speaking on its behalf in that country.
B) Containing elaborate elucidation of the rights and commitments of the two parties to one another, as well as their commitments towards consumers, as regards providing maintenance and spare parts.

Article 11: the commercial agency or distribution contract must contain the following information:
1) Titles and nationalities of the two parties.
2) Subject and regional scope of the agency, as well as the kind of business, services and goods it implies.
3) Duration of agency, and the way of its renewal.
4) Way of termination or expiration of the agency.
The contract might include any other conditions that are not inconsistent with the laws and legislations applied in the Kingdom of Saudi Arabia.

Article 12: After verifying of meeting the registration requirements, both in terms of form and substance, registration shall be approved by the Deputy Minister, or the person speaking on his behalf, following that the papers shall be referred to carry out registration in the Commercial Agents and Distributors Register, after paying the due fee.
The pages of the aforementioned register must be sequentially numbered. Each page must have a number, which is the registration number. Each agency or distribution contract, thus, is independently registered, and carries a distinct number from the previously registered contracts; even though several numbers and registrations are pertain to one agent or distributor.
Information of the above-mentioned register must include elaborate elucidations of the commercial agency or distribution, and the commercial agent or distributor shall be given a certificate of each registration.

Article 13: The commercial agent or distributor, within a month from the issuance of the registration certificate, must go to the competent commercial register, according to the agency region, so that his Commercial Registration be checked and signed there. If the agency covers the entire Kingdom, checking and signing must be in the main register of the commercial agent or distributor.

Article 14: If any of the information previously recorded in the commercial agencies and distribution is amended, the concerned person shall request, within a month from the incidence of the amendment, the registration of that amendment, after explaining its reasons. Amendment shall be carried in the register page by highlighting the amended provision, and putting down the amendment, or the amended part, provided the amendment comprises just an addition. The amendment or addition must be pointed out, also, in the Commercial Registration after amending the registration certificate information.

Article 15: Registration fees in the Agencies Register must be compliant with the Royal Decree no. M/8, dated 20/3/1393H (corresponding to 24/4/1973): SR 500 for the merchant, whether an individual or company.

Section 3:

Writing off:

Article 16: Taking into consideration the provisions stipulated in the Commercial Register, those that have to do with writing off, commercial agencies or distribution registration shall be written off and cancelled in the following cases:
1. Quitting trade by the merchant, whether an individual or a company.
2. Expiration of the commercial agency or distribution contract, without renewal or expansion.
3. Inconsistence of the commercial agent or distributor with any of the main conditions stipulated in the Commercial Agencies Law, and its amendments. Writing off shall be carried out by drawing two red intersecting lines on the entire page, along with explaining the reasons in the field provided for that purpose.

Article 17: Registration shall be administratively written off if the concerned persons do not submit writing off request within one month, after verifying of the incidence triggering writing off, and hearing from those concerned. Those concerned shall be informed of this decision via a registered letter.

Article 18: The concerned person may appeal to the Minister of Commerce against the decision stipulating administrative writing off within a month from notifying him of the decision, along with the explanatory reasons. The Minister's decision, in that regard, shall be deemed final.

Section 4

Violations and Penalties

Article 19: The Minister of Commerce shall designate the competent employees to detect violations of the Commercial Agencies Law and the provisions of its regulation. They shall, in this regard, act as judicial officers, and shall be granted access to all places and shops to conduct inspection and preparing Records of violation detection, as well as hearing from the concerned persons and viewing documents, and the like of the investigation procedures.

Article 20: Without prejudice to any of the provisions of the Commercial Register Law, or any law applied in the Kingdom of Saudi Arabia, he shall be fined with no less than SR 5000, and no more than SR 50000 whoever violates the provisions of the Commercial Agencies Law, as well as its amendments and its implementing regulation. The penalty must be published at the expense of the violator. Meanwhile, those affected shall maintain their right to claim compensation. If the violation is attributed to a foreigner, or to a Saudi company with one or more non-Saudi partners, the punitive actions shall include, in addition to the aforementioned fine, administrative liquidation of the commercial agency. Besides,
practice of trade may be prohibited forever, or for a specific duration. Also, the Minister of Interior may decide to deport the foreigner from the country in the light of the penalty decreed against him. And the Ministry of Commerce must inform the Minister of Interior of the foreigner or non-Saudi partner.

Article 21: A commission shall be formed upon a resolution by the Minister of Commerce, including in its membership three members, one of them at least, is a legal advisor, to put into force the penalties stipulated in the Commercial Agencies Law and its amendments. Decisions of the commission may be appealed to the Minister of Commerce and Industry within fifteen days from notifying the appealer, or those acting on his behalf, or otherwise the commission’s decisions shall be considered final by virtue of the expiry of the mentioned duration, and approval of the Minister of Commerce and Industry.

Section 5

Transitional Provisions:

Article 22: All agents and distributors working on the date of the enforcement of this regulation, whether or not enrolled in the register, must submit registration applications, according to the provision of the regulation, within a year from the mentioned date. After that appointment, they shall not commence work except after registration. As for agents who have previously been registered, they will have to enclose a document that proves the validity of the agency contract, as well as a certificate from the chamber of commerce testifying payment of the subscription.

Procedures of the Commercial Agency Registration:
A) The registration application of agency or distribution should be submitted along with the relevant form, after fulfilling all the necessary information mentioned in the form, within three months from the commencement of the validity of the agency or distribution contract.
B) The application must be enclosed with the original agency or distribution contract, signed by the relevant authorities, in addition to a photo-copy of it.
C) An Arabic translation of the original contract, as well as the other documents enclosed with the contract, by an accredited translation office, provided such documents are originally written in a foreign language.

D) A photo-copy of the main or secondary Commercial Registration form, authorizing work of agency or distribution.

E) A written declaration by the registration applicant, whether an individual or company, that the capital is entirely Saudi, and that the person authorized to sign on his behalf is a Saudi as well.

F) A certificate from the chamber of commerce indicating that the registration applicant has paid the due registration subscription.

Besides, the registration applicant must fill in the form prepared for that purpose, including the information related to the agent, the entrusted person, the contract, etc. Papers must be stamped with the company’s stamp, after being signed by the concerned person.

After that, the papers and documents required from the registration applicant shall be validated in terms of their form, as shown in the implementing regulation. Provided the approval of registration in the register prepared for that purpose in the Ministry, the statutorily prescribed fee must be paid prior to registration. The registration certificate shall be issued at the commercial agency or distribution register.

The commercial agent or distributor, within one month from the issuance of the registration certificate, must attend to the relevant commercial register office, to check and sign at his commercial register, as elucidated in the implementing regulation of the Commercial Agencies Law.

---

Ministerial Resolution no. 50, dated 24/7/1402H (corresponding to 18/5/1982)

stipulating application of the provisions of the Commercial Agencies Law to Service Agencies

The Minister of Commerce,

Upon the authorities assigned to him,
After reviewing the Commercial Agencies Law, issued upon the Royal Decree no. 11, dated 20/2/1382H (corresponding to 22/7/1962), amended upon the Royal Decree no. 32, dated 10/8/1400H (corresponding to 23/6/1980).

And after reviewing the Implementing Regulation of the Commercial Agencies Law, issued upon the Ministerial Resolution no. 1897, dated 24/5/1401H (corresponding to 31/3/1981).

And upon the requirement of the public interest,

HEREBY DECREE THE FOLLOWING:

Article 1: The provisions stipulated in the Commercial Agencies Law and its implementing regulation shall apply to service agencies.

Article 2: This resolution shall be put into force by the competent authority from the date of its issuance.

Minister of Commerce,

Ministerial Resolution no. 1013, dated 17/9/1412H (corresponding to 22/3/1992) stipulating application of the Commercial Agencies Law and its implementing regulation to agents of national projects and secondary distributors

The Minister of Commerce,

Upon the authorities assigned to him,

After reviewing the jurisdiction of the Ministry of Commerce Law, issued by the Ministerial Resolution no. 66, dated 6/4/1374H (corresponding to 2/12/1952),

After reviewing the Commercial Agencies Law, issued by the Royal Decree no. 11, dated 20/2/1382H (corresponding to 22/7/1962), amended upon the Royal Decree no. 32, dated 10/8/1400H (corresponding to 23/6/1980).
And after reviewing the Implementing Regulation of the Commercial Agencies Law, issued upon the Ministerial Resolution no. 1897, dated 24/5/1401H (corresponding to 31/3/1981).

And after reviewing the memorandum of the Deputy Minister for Technical Affairs, dated 12/8/1412H (corresponding to 16/2/1992), concerning contracts of commercial franchise, commercial agents and distributors, and sub-distributors.

And upon the requirement of public interest,

HEREBY DECIDES THE FOLLOWING:

Article 1: Provisions of the Commercial Agencies Law, as well as its implementing regulation, shall apply to agents of national projects and the sub-distributors.

Article 2: Agents of the national projects and the sub-distributors shall be committed to registration in the Commercial Agencies Register.

Article 3: All agents of national projects and the sub-distributors, working on the date when this resolution is issued, will have to apply for registration within six months from the issuance of this resolution.

Article 4: The following two contract forms shall be taken as models by agents of national projects and the sub-distributors.

Article 5: This resolution shall be published in the Official Gazette.

Unified form for Commercial Distribution Contract (either original or subsidiary)

On ........, corresponding to / /14 H, in ........, it has been agreed between:

1) ............ based in (or the location of his main residence is) ............
Commercial Registration no. .........., dated / / , pertinent to the city: ............
To be hereby represented by: .........., and his nationality is: .......... (First Party).

2) ................, based in (or the location of his main residence is) ............
Commercial Registration no. .........., dated / / , pertinent to the city: ............
To be hereby represented by: .........., and his nationality is: .......... (Second Party: Distributor).

Preamble
As per the wish of both parties to deal with each other in a way that furthers their common interests, and identify each party’s rights and commitments towards the other,

Whereas the first party has products to be promoted and distributed by a number of distributors,
And as per the wish of the second party to sell, promote or distribute the products or services of the first party, as a distributor. Therefore, it has been agreed between the two parties upon the following:

**Provision 1:** The aforementioned preamble shall be an integral, inseparable part of the contract.

**Provision 2:** The two parties have agreed that the second party, acting as a distributor of the first party’s products or services, shall assume commitments regarding the products and services covered by the contract, by his name, and to his own account.

**Provision 3:** The products and services provided by the first party, those covered by this contract, are as follows:

Otherwise, the products are enumerated in the appendix no. ……, enclosed with this contract. The products may be amended every now and then in that appendix. The type of the products covered by the distribution contract are:

**Provision 4:** The spatial scope of validation of the contract shall be defined by:

(It must be stated in the contract whether it is general, for the entire Kingdom, or limited to a certain region. The scope may be amended every now and then in that appendix.)

**Provision 5:** The duration of the contract validation is …….. years, starting from ……. and ending on …….., and it is renewable for similar periods, unless one party sends to the other a registered letter indicating his intent not to renew, at least three months prior to the contract expiry.

**Provision 6:** The two parties shall comply with this contract and its provisions, and in concordance with the commercial custom rules, in a manner that signifies the goodwill of each party. Thus, both parties shall be committed to all that has to do with this contract, according to commercial dealings.
Provision 7: The first party shall be committed to ensuring the manufacture quality of the products herein mentioned. He shall also be committed to ensuring maintenance and spare parts with reasonable prices, whenever demanded by the second party, according to the quantity and appointments he determines, throughout the distribution contract period, in addition to another year following the date of the contract expiration, or the date of designating a new distributor, whichever is earlier.

Provision 8: The first party, in addition, shall ensure the quality of the products and materials covered by this contract, as well as conformity to the standard specifications adopted in the Kingdom. The distributor, thus, shall not be responsible for receiving or distributing any quantity from the first party unlawfully. And if any violations to the standards are proven, by the relevant authorities, the goods shall be returned to the first party at his own expense, and the second party shall retain his right to claim proper compensation for the harm done to him.

Provision 9: The second party shall be committed to the following:
A) Providing an office for doing the distribution business, and paying close attention to his work. And in case the technical services and experiences are requested from the first party, the two parties shall agree on that, and the cost of each case will be considered.
B) Performing all the tasks necessary for the enforcement of the contract, including the promotion, marketing and publicity of goods, ensuring appropriate storage places, and opening distribution stores (if needed), as well as providing local services within the spatial scope identified by the contract.

Provision 10: The second party is entitled to a commission of ........ of the value of goods sold in the contract region to be paid by the first party.

Provision 11: The first party shall be committed to the following:
A) Refunding the money spent by the distributor in quest for the enforcement of the contract, in accordance with what they have agreed upon.
B) Providing spare parts for the products unsusceptible to the new amendments for a year following the product amendment.

C) Providing the second party with the publicity materials, and organizing installment sales in a manner that accords with the financial and credit capabilities of the second party.

D) Training the employees and technicians of the second party on the product-related services.

E) Purchasing the new (unused) products remaining in the distributor’s possession in case of terminating the contract with a written notification .......... days before the expiry date of the contract, not exceeding .......... SR, and with a restocking fee of up to .......... %, whereas the inventory transcending the mentioned sum shall be considered to be purchased, without commitment thereof.

F) Notifying the distributor at least .......... days before changing the prices of products.

**Provision 12:** The distributor shall retain his right to claim proper compensation for the harm done to him, in concordance with the commercial custom rules, in the following cases:

A) If the first party decides to withdraw the contract in improper time, or for a reason irrelevant to the distributor.

B) If the first party refuses to renew the contract after its expiration, regardless of any other agreements, provided the second party manages to prove that his activity has entailed overt boost in the distribution of the first party’s products, or the increase of his clients, and that the refusal to renew the contract would make him miss the opportunity of getting the profit or commission, except if the first party proves that non-renewal is attributed to compelling reasons.

C) If the first party fails to comply with any of the commitments stipulated herein, or in the Commercial Agencies Law.

**Provision 13:** The first party shall retain the right to claim compensation for the harm done to him, according to the contract and the commercial custom rules.

**Provision 14:** Potential disputes arising out of the enforcement of this contract, and those that cannot be amicably settled, shall be considered and settled by the
Arbitration Law, issued upon the Royal Decree no. 46, dated 12/7/1403H (corresponding to 26/4/1983).

Provision 15: The provisions of the laws adopted in the Kingdom of Saudi Arabia shall apply to this contract.*

Provision 16: This contract is written in three copies; one copy is to be kept by each party to act in compliance with it, whereas the third one is to be submitted, by the second party, to the Ministry of Commerce, to complete the registration in the Commercial Agencies Register.

First Party

Second Party (Distributor)

Name: Name:

Signature: Signature:

* This provision shall be omitted if it is sub-distribution or related to a National Project.

Ministerial Resolution no. 2397, dated 7/11/1422H (corresponding to 21/2/2002)

The Minister of Commerce,

With the authorities assigned to him,

After reviewing the jurisdiction Law of the Ministry of Commerce, issued upon the Ministerial Resolution no. 66, dated 6/4/1374H (corresponding to 2/12/1952), and the Commercial Anti-Fraud Law, issued by the Royal Decree no. M/11, dated 26/5/1404H (corresponding to 28/2/1984),

After reviewing the Commercial Agencies Law, issued by the Royal Decree no. 11, dated 20/2/1382H (corresponding to 22/7/1962),

After reviewing the draft regulation of the recall of vehicles, accessories and spares, put forth by the committee comprising representatives of the Ministry of Interior, the Ministry of Commerce, the Ministry of Transport, King Abdulaziz Science and Technology City, and the Saudi Standards and Metrology Organization, in accordance with its minutes dated 15/6/1422H (corresponding to 3/9/2001),
And after reviewing the memorandum submitted by His Excellency the Assistant Deputy Minister of Commerce for Legal Affairs, dated 28/10/1422H (corresponding to 12/1/2002),

And according to the requirement of the public interest,

HEREBY DECREE THE FOLLOWING:

First: Approval of the Regulation of the Recall of Vehicles, their Accessories and Spares, as per the attached formula.

Second: This resolution shall be published in the Official Gazette, and will be put into force within thirty days from the date of publication.

May Allah Grant us success.

Minister of Commerce,

Osama bin Ja`far Faqih

Regulation of the Recall of Vehicles and their Accessories and Spares

Article 1: This regulation is concerned with all recalls of vehicles and their accessories and spares, such as tires, batteries and so on.

Article 2: The following terms and wherever mentioned in this regulation will have the meaning shown beside each one:

2) The manufacturer: the company which has manufactured the product, which bears its name.
3) The local agent: the agent/agents of the manufacturer at some or all of the Kingdom’s regions.
4) Vehicle: a device with an engine that moves on roads, and doesn’t rely, for its movement, on trails, cables, etc. Vehicles include motor bikes as well.

5) Product: refers to the vehicle moving on roads, or its accessories or spares, such as tires, batteries and so on; provided being included within the types and models used in the Kingdom, whether or not imported by the local agent.

6) Deficiency: any design, or manufacturing defect in the product that makes appearance before or during usage, or as a result of non-compliance with the Saudi standards, or the other standards accredited by the Saudi Standards and Metrology Organization.

7) Recall: an obligatory procedure conducted by the manufacturer and its local agent in case of the emergence of a certain deficiency in any product, by the manufacturer or a governmental authority in the Kingdom, the country of origin, or another country, according to the requirements herein mentioned.

8) User: product owner in the Kingdom.

**Article 3:** Procedures that should be taken in case of recalling a certain product:

1) The manufacturer and its local agent shall be committed to notifying the Ministry in writing of any recall of products within a duration not exceeding ten days as of the commencement of recalling, and instantly opening a recall file.

2) The recall file shall not be closed without the Ministry’s permission.

3) The notification shall include the types covered by the recall, as well as the number of products, of all kinds, imported and sold in the Kingdom, along with a description of the defected part, and the causes of the deficiency, as well as the potential risk that the deficiency may trigger.

4) The manufacturer and his local agent shall be committed to announcing the recall in more than one local newspaper, more than once, in a manner that covers the entire Kingdom’s regions within a duration not exceeding ten days as of the commencement of recalling. The announcement shall include the following information:

A) Name and logo of the manufacturer.
B) Name and complete address of the local agent.
C) Name of the product and country of manufacture.
D) Description of the deficiency.
E) Telephone number (hot line) as well as the fax number of the agent to enable the user to contact, enquire, and seek help therefrom when needed.
F) Directives that the user must follow to avoid any risk till the repair process is accomplished.

5) Only in cases of recalling cars, the local agent shall inform the user clients by phone, registered mail or e-mail of such recalling. The user may claim the lack of knowledge only if the address thereof is found with the local agent, and he is not informed of the recalling by the agent.

6) The manufacturer as well as the local agent shall commit to recalling, repairing, and replacing the defective part of the product, free of charge and without consideration of the warranty period.

7) If the place of residence of the user is located more than 80 km from the local agent’s nearest certified workshop, the local agent shall pay all charges of transportation and send technicians to the place where the user resides.

8) The Ministry shall follow up the recalling process.

9) The local agent shall provide the Ministry with a monthly report on the achievements pursuant to the recalling processes, including the number of products recalled and repaired.

10) The Ministry shall bear all charges arising from the recalling process, including the announcement charges.

**Article 4**

The local agent shall commit to receiving and handling complains of the users with great interest. In case of recurrence for three times, the manufacturer shall be informed and the Ministry shall receive a photo-copy of the notification within a period of not more than a week from the date of submitting last complain.
Article 5
The Ministry shall conduct an investigation with the local agent and the manufacturer once receiving a number of complaints (not less than three complaints) on a specific defect in a product.

Article 6
Without prejudice to the penalties set forth in the Law of Commercial Agencies, the defect stated in these Regulations shall be deemed as commercial fraud in accordance with the provisions of Articles (3) and (6) of the Commercial Anti-Fraud Law. If the manufacturer or local agent fails to recall the product in accordance with the provisions of Articles (2) and (4) of these Regulations, the penalties set forth in the Commercial Anti-Fraud Law and the Implementing Regulations thereof shall be applied to the local agent and the manufacturer, without wasting the right of the Ministry to stop granting the International Conformity Certificate from the country of origin to the defective product until a proof of compliance with the provisions of these Regulations and removal of commercial fraud and defect from the product is provided within the prescribed period without prejudice to the right of the aggrieved person in claiming compensation for actual damages sustained by him due to such a defect in the product.