



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

Commercial Agencies Law

1382AH



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In the Name of Allah the Most Compassionate, the Most Merciful

Royal Decree NO: 11

Passed on: 20/02/1382 AH

With the blessing of Allah

In the name of Faisal bin Abdul Aziz Al Saud

Deputy Crown Prince of Kingdom of Saudi Arabia

In accordance with article twenty (19) of the Law of Council of Ministers, enacted under the Royal Decree NO (38) on 22/10/1377 AH;

In accordance with the Ministerial Decree NO (89) on 13/02/1382 AH; and

In accordance with the Vice Prime Minister submissions to us,

Do hereby

First: Approve the Commercial Agencies Law as per the draft annexed hereto.

Second: Assign the Vice Prime Minister and the Minister of Commerce and Industry to approve the present decree and act thereupon.

Ministerial Decree No (89) passed on 13/02/1382 AH

The Council of Ministers,

After reviewing the transaction received from the Prime Minister Diwan under number 431, dated 11/01/1382 AH, concerning the draft Law of Commercial Agencies submitted by the Minister of Commerce and Industry;

After reviewing the draft Commercial Agencies Law; and

In accordance with the Laws Committee recommendation NO (22) dated 30/01/1382AH

Does hereby resolve

1. Approve the Commercial Agencies Law as per the draft annexed hereto.

2. Regulate a Draft Royal Decree for the same, a copy of which is enclosed herewith.

Prime Minister



Commercial Agencies Law

Article (1):

No natural or corporate entity, other than Saudis, shall be permitted to operate as a commercial agent in KSA. The capital of the Saudi companies operating as commercial agents shall be fully Saudi, and the members of their boards of directors and the authorized signatories on their behalf shall be Saudi.

Article (2):

Commercial agents who were still doing their business on the date of issuing this Law and who are not subject to the provisions of Article 1 hereinabove, shall be given a period to liquidate their businesses and transfer the same to Saudi commercial agencies within two years from the date on which this Law becomes into force. The Minister of Commerce shall specify such period with regard to each agent separately, taking into consideration speedy liquidation, business nature, and the timeline referred to hereinabove.

Article (3):

No one shall act as a commercial agent unless his/her name is registered in the Ministry of Commerce Commercial Agents Register which shall be established under a resolution by the Minister of Commerce. This register shall contain the merchant or company name, types of goods subject of agency, name of the appointing company or institution, and the date of appointment and its duration if it is related to a definite term agency. Registration applications shall be submitted together with supporting documents to the Deputy Minister and shall not be rejected except for non-Saudis or those Saudis who are barred from or are incapable of engaging in trading. For rejected applications, complaints may be filed to the Minister of Commerce and Industry.

Article (4):¹

Anyone who violates this Law or its executive regulations shall be fined a sum not exceeding SAR 50,000 and not less than SAR 5,000. This fine shall be published at the violator's expense without prejudice to the right of anyone who suffers damages

¹ This Article is amended in the Royal Decree No. (32/M) dated 10/08/1400AH. The former Article was as follows: "Anyone who acts as commercial agent and violates this law shall be fined a sum not exceeding SAR 5,000 and not less than SAR 1,000. If the violation is committed by a foreigner or by a Saudi company with one or more foreign partners, the penalty shall be, in addition to the fine quoted above, the administrative liquidation of the commercial agency business and the possibility of preventing the violator from practicing commerce either permanently or for a specific period. The Minister of Interior may, based upon a recommendation by the Minister of Commerce, order the deportation of the foreigner."



to claim compensation. If the violation is committed by a foreigner or by a Saudi company with one or more foreign partners, the penalty shall be, in addition to the fine quoted above, the administrative liquidation of the commercial agency business and the possibility of preventing the violator from practicing commerce either permanently or for a specific period. The Minister of Interior may order the deportation of the foreigner based on the imposed penalty. The Ministry of Commerce shall notify the Minister of the foreigner or the non-Saudi partner.

Article (5):²

Registration fees are fixed at SAR 500 whether the agent is an individual or company.

Article (6):³

Without prejudice to the provisions of other laws, the Commercial Agency Laws and its amendments, shall apply to everyone who enters into a contractual agreement with the producer or its representative in its country, be it an agent or a distributor to perform the business in form of agency or distribution.

Article (7):⁴

Without prejudice to the laws and resolutions pertaining to the securing of maintenance and spare parts, the agent and distributor shall:

Secure permanently spare parts related to the products subject to the agency (a) that are demanded continuously by the consumers, and other spare parts within a reasonable period as stipulated by the Executive Regulations.

Secure necessary maintenance for the products and guarantee (b) manufacturing quality and other conditions made available by the producers, on a continuous basis and for the duration of the agency and for an additional year after the termination of the agency or the appointment of a

²This Article is amended in the Royal Decree No. (8/M) dated 30/03/1393 AH, ratified by Royal Decree No. (11), dated 20/02/1382AH. The former Article was as follows: "Registration fees are fixed as follows: SAR 500 for the individual agent.

SAR 100 for the company. Fees shall be paid as a lump sum."

³ The following Articles shall be added to the Commercial Agencies Law by virtue of Royal Decree No. (32/M), dated 10/8/1400 H.

⁴ The following Articles shall be added to the Commercial Agencies Law by virtue of Royal Decree No. (32/M), dated 10/8/1400 H.



new agent, whichever comes first, and in accordance with the Executive Regulations.⁵

Article (8):⁶

The Minister shall issue the Executive Regulations of the Commercial Agencies Law to be published in the Official Gazette.

Article (9):⁷

The Ministry shall prepare sample Contract forms as a guide to agents and distributors. These shall include all necessary data for the Contract, including the parties thereto, place, period and location, renewal and termination conditions, and obligations of the parties vis-a-vis one another and towards the consumer, especially regarding the securing of maintenance and spare parts.

Article (10):⁸

A panel shall be constituted under a Minister's resolution, to be constituted from three members to apply the penalties referred to in the Commercial Agencies and Standardization and Metrology Law.

Article (11):⁹

Decisions made by the Panel may be appealed to the Minister within fifteen days from notifying same to the complainant or its representative. Otherwise, the decisions shall become final by the lapse of the said period and the ratification of the Minister.

Article (12):

This Law shall enter into force three months after the date of its publication.

⁵ The provisions of this Article shall apply to the importers even if they are not agents or distributors and to everyone taking direct or indirect sales as a profession to gain profit. everyone violating this Article shall suffer from the penalties imposed on distributors

⁶ The following Articles shall be added to the Commercial Agencies Law by virtue of Royal Decree NO (32/M), dated 10/08/1400AH.

⁷ The following Articles shall be added to the Commercial Agencies Law by virtue of Royal Decree NO (32/M), dated 10/8/1400AH.

⁸The following provision shall be added to the Commercial Agencies Law issued by Royal Decree NO (11) of 1382 by virtue of Royal Decree NO (5/M), dated 11/06/1389AH.

⁹ The following provision shall be added to the Commercial Agencies Law passed under the Royal Decree No (11) of 1382 by virtue of Royal Decree NO (5/M), dated 11/06/1389AH.