



شعبة الترجمة الرسمية
Official Translation Department

Law of Commercial Agencies

Royal Decree No. 11
July 22, 1962

Translation of Saudi Laws



NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



Law of Commercial Agencies

Article 1

A non-Saudi person, whether natural or legal, may not operate as a commercial agent in the Kingdom. Saudi companies operating as commercial agents must have a 100% Saudi capital, and the members of their boards of directors and authorized signatories shall be Saudis.

Article 2

Commercial agents who are engaged in business on the date of issuance of this Law and who are not subject to the provisions of Article 1 of this Law shall be given a period of not more than two years from the date this law enters into force to liquidate and transfer their businesses to Saudi commercial agents. The Minister of Commerce and Industry shall specify such period for each agent separately, taking into consideration the time for liquidation, the nature of the business, and the above-mentioned period.

Article 3

A person may not operate as a commercial agent unless his name is registered with the Ministry of Commerce and Industry in a register designated for this purpose; said register shall be established pursuant to a decision by the Minister of Commerce and Industry. The register shall include the name of merchant or company, type of goods, name of the authorizing company or establishment, date of authorization, and, if definite, term of authorization. Registration applications shall be submitted together with supporting documents to the Deputy Minister of Commerce and Industry. Such applications may not be rejected except for non-Saudis or for Saudis who are unqualified or barred from engaging in business. Rejected applicants may appeal before the Minister of Commerce and Industry.

Article 4

A person operating as a commercial agent in violation of this Law shall be subject to a fine of not less than 1000 riyals and not more than 5000 riyals. If the violation is committed by a foreigner or by a Saudi company with one or more non-Saudi partners, the fine shall be coupled with administrative liquidation of the commercial agency, and the violator may permanently or temporarily be barred from engaging in business. The Minister of Interior may, upon a recommendation by the Minister of Commerce and Industry, order the deportation of said foreigner.

Article 4: This Article was amended pursuant to Royal Decree No. (M/32), dated 10/8/1400H, to read as follows:

Any person violating this Law or its Implementing Regulations shall be subject to a fine of not less than 5000 riyals and not more than 50,000 riyals; the penalty



shall be published at the violator's expense without prejudice to the right of any aggrieved party for compensation. If the violation is committed by a foreigner or a Saudi company with one or more non-Saudi partners, the fine shall be coupled with administrative liquidation of the commercial agency, and the violator may permanently or temporarily be barred from engaging in business. The Minister of Interior may, based on the imposed penalty, order the deportation of the foreigner. The Ministry of Commerce shall notify the Minister of Interior of said foreigner or non-Saudi partner.

Article 5

Fees for registration in the Agencies Register shall be as follows:

- 50 riyals for an individual merchant.
- 100 riyals for a company.

Fees shall be paid once.

Article 5: This Article was amended pursuant to Royal Decree No. (M/8), dated 20/3/1393H, to read as follows:

A one-time fee of 500 riyals shall be imposed on an individual merchant or a company for registration in the Agencies Register.

Article 6:

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

Article 6: This Article was amended pursuant to Royal Decree No. (M/5), dated 11/6/1389H, to read as follows:

1. A panel of three members shall be formed at the Ministry of Commerce and Industry pursuant to a decision by its Minister to impose the penalties provided for in the Law of Commercial Agencies and the Law of Calibration and Measurement.
2. Panel decisions may be appealed before the Minister of Commerce and Industry within 15 days from the date the aggrieved party or his representative is notified thereof; otherwise, such decisions shall become final upon the approval of the Minister of Commerce and Industry.

Article 1: This Article was amended pursuant to Royal Decree No. (M/32), dated 10/8/1400H to read as follows:

Without prejudice to other laws, the Law of Commercial Agencies, issued pursuant to Royal Decree No. 11, dated 20/2/1382H, and its amendments shall apply to any person who enters into an agreement with the producer or his representative in his country to engage in business, whether as an agent or a distributor, in any form of authorization or distribution.



Article 2: This Article was amended pursuant to Royal Decree No. (M/32), dated 10/8/1400H, to read as follows:

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

- a) make available continuous supply of highly demanded spare parts and make available other less demanded spare parts within a reasonable time, as stipulated by the Implementing Regulations; and
- b) provide necessary maintenance for the products, guarantee their manufacturing quality, and abide by the terms and conditions of the producers throughout the term of the agency agreement and the year following either the expiration of the agency agreement or the appointment of a new agent, whichever comes first, in accordance with the Implementing Regulations.

Article 3: This Article was amended pursuant to Royal Decree No. (M/32), dated 10/8/1400H, to read as follows:

The Implementing Regulations of the Law of Commercial Agencies shall be issued by the Minister of Commerce and shall be published in the Official Gazette.

Article 4: This Article was amended pursuant to Royal Decree No. (M/32), dated 10/8/1400H, to read as follows:

The Ministry of Commerce shall prepare model agreements for agents and distributors. The model agreements shall contain all necessary elements, including the parties to the agreement, subject matter, duration, territory, terms for renewal and termination, and the parties' obligations towards each other and towards consumers, especially with regards to the provision of maintenance and spare parts.