

Federal Law No. 3/2022 Regulating Commercial Agencies

Commercial Agency Code

Abrogating

[Federal Law No. 18/1981](#)

We, Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates;

Having perused:

The Constitution;

Federal Law No. 1/1972 on the Competencies of Ministries and the Powers of Ministers, as amended;

[Federal Law No. 18/1981](#) Regulating Commercial Agencies, as amended;

[Federal Law No. 11/1992](#) Promulgating the Civil Procedures Law, as amended;

[Federal Law No. 18/1993](#) Promulgating the Commercial Transactions Law, as amended;

[Federal Law No. 14/2016](#) on Administrative Violations and Penalties in the Federal Government;

[Federal Law No. 6/2018](#) on Arbitration;

[Federal Decree-Law No. 32/2021](#) on Commercial Companies;

[Federal Decree-Law No. 36/2021](#) on Trademarks;

[Federal Decree-Law No. 37/2021](#) on the Commercial Registry; and

Based on the proposal of the Minister of Economy, the approval of the Cabinet and the Federal National Council, and the ratification of the Federal Supreme Council;

Have issued the following Law:

Article 1 - Definitions

In applying the provisions of this Law, the following words and expressions shall have the meanings indicated opposite each of them, unless the context of the provision requires otherwise:

State:	The United Arab Emirates.
Ministry:	The Ministry of Economy.
Minister:	The Minister of Economy.
Competent Authority:	The local authority in the concerned emirate.
Committee:	The Commercial Agencies Committee.
Commercial Agency:	The representation of a Principal by an Agent under a contract of agency, distribution, sale, offer or concession, or the provision of a commodity or service within the State in return for a commission or profit.
Commercial Agencies Register:	A database to be established in the Ministry, in which data of Commercial Agencies in the State shall be recorded.
Principal:	The producer or manufacturer owning the commodity or service inside or outside the State.

Agent:	The natural or legal person to whom, under the Commercial Agency contract, the representation of the Principal is entrusted.
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Article 2 - Practicing Commercial Agency Business

1. The practice of Commercial Agency business in the State shall be limited to individual citizens, and companies and institutions that are wholly owned by any of the following:

- a. A natural person who is a citizen;
- b. A public legal person;
- c. A private legal person owned by public legal persons; and
- d. A private legal person wholly owned by natural persons who are citizens.

2. Subject to Clause (1) of this Article, the Cabinet may, based on a recommendation of the Minister, allow any international company, even if it is not owned by citizens, to practice the Commercial Agency business for the products it owns, under the conditions and within the limits it deems appropriate in this regard and if they meet the following requirements:

- a. This Commercial Agency does not have a commercial Agent inside the State; and
- b. The Commercial Agency is new and not previously registered in the State.

3. Subject to the provision of Clause (4) of this Article, public joint stock companies incorporated in the State and in which the shareholding of the citizens of the State is not less than 51% of its capital shall be excluded from the provisions of Clause (1) of this Article.

4. The Cabinet shall, based on the recommendation of the Minister, issue a decision on the procedures, controls and conditions necessary for the companies mentioned in Clause (3) of this Article to practice the Commercial Agency business in the State.

Article 3 - Registration in the Commercial Agencies Register

Commercial Agency business may not be practiced in the State except by those who are listed in the Commercial Agencies Register in the Ministry. Any Commercial Agency that is not listed in this Register shall not be valid.

Article 4 - Commercial Agency's Validity

In order for a Commercial Agency to be valid, the Agent must be engaged by the original Principal under a written and documented contract, and the Commercial Agency must be listed in the Commercial Agencies Register.

Article 5 - Commercial Agency Contract

1. A Commercial Agency contract shall be in the common interest of the contracting parties, and the provisions of this Law shall apply thereto, and any agreement to the contrary shall not be valid.

2. The courts of the State shall be competent to hear disputes that may arise in connection with the Commercial Agency contract.

Article 6 - Contract Term

If it is stipulated in the contract that the Agent establishes display buildings, commodity stores, or maintenance or repair facilities, the contract term shall be five years, unless otherwise agreed upon.

Article 7 - Multiple Use of an Agent or Distributor

1. The original Principal may use the services of one Agent in the State as a single territory, and they may also seek the assistance of one Agent in each emirate, or in a number of emirates, provided that the distribution of commodities and services subject to the Commercial Agency is exclusive to them within the territory of the agency.
2. The Agent may use the services of a distributor in one or more emirate(s) covered by their Commercial Agency.

Article 8 - Entitlement to Agent Commission

The Agent shall be entitled to commission for the transactions concluded by the Principal themselves, or through others in the territory designated for the business of the Agent, even if these transactions are not concluded as a result of the latter's efforts.

Article 9 - Expiration of the Commercial Agency Contract

1. The Commercial Agency contract shall expire in any of the following cases:
 - a. Upon expiry of the contract term unless this term is renewed by the agreement of the contracting parties;
 - b. By the will of either the Principal or the Agent based on the terms and conditions of the Commercial Agency contract;
 - c. By the agreement of the contracting parties before the end of the contract term;
 - d. Upon the issuance of a final court judgment to terminate the Commercial Agency; or
 - e. Any other case mentioned in this Law.

2. Devolution of assets:

Upon occurrence of any of the cases indicated in Clause (1) hereinabove, and unless the parties agree otherwise, the assets of the old Agent shall be transferred to the Principal or the new Agent at fair value as long as the following conditions are met:

- a. The aforementioned assets, including commodities, goods, materials, spare parts, machinery and else must be subject to the Commercial Agency contract; and
- b. The aforementioned assets must be agreed upon and in the possession of the old Agent at the time of expiration of the Commercial Agency contract and there must be no restriction on the transfer of their ownership.

3. Bringing goods and services into the State during the period of dispute:

- a. Subject to Clause (1) of this Article, goods or services may, subject to the approval of the Ministry, during the period of the dispute between the Principal and the Agent and on a temporary basis, be brought into the State from exclusive sources, provided that the Principal is liable throughout this period towards the old Agent for compensation that may be awarded by the competent courts by a final judgment.
- b. The Ministry shall, by a ministerial decision, organize the terms and conditions for admission for the aforementioned temporary period, in a manner that achieves limitation of the flow of services and goods during the period of the dispute.

4. Subject to Clause (2) of this Article, and for the purposes of estimating the value of the assets, either the Principal or the Agent may file a lawsuit before the court in whose jurisdiction the headquarters of the Commercial Agency is located to hold the other party liable for the value of such assets as estimated by the court.

Article 10 - Controls and Provisions regarding the Termination or Non-Renewal of the Commercial Agency Contract

1. Termination of the Commercial Agency contract:

Subject to Clause No. (1), Paragraph (b), of Article (9) of this Law, the party wishing to terminate the Commercial Agency contract based on the terms and conditions of the Commercial Agency contract, shall:

- a. Send a notice to the other party of their wish to early terminate the Commercial Agency contract, provided that the notice period is not less than one year prior to the date set for termination or prior to the lapse of one half of the contract term, whichever is less, unless the two parties agree otherwise; and
- b. Either Party may submit a detailed report prepared by a specialized professional body on the settlement of dues, guarantees of non-interruption of after-sales services from the markets of the State, estimation of assets and expected damages, and other details.

2. Resorting to the Committee:

- a. The party not accepting the termination of the Commercial Agency contract based on the terms and conditions of the contract may resort to the Committee to challenge the request for termination of the Commercial Agency contract;
- b. Either party may provide the Committee with the report prepared by the professional body, referred to in Paragraph (b) of this Clause;
- c. The Committee shall decide on the challenge request referred to in Paragraph (a) of this Clause within a period of one hundred and twenty (120) days from the date of recording it, provided that the lapse of the aforementioned period without a decision having been issued is deemed a rejection of the challenge; and
- d. Without prejudice to the provisions of Clause (3) of Article (9) of this Law, the Commercial Agency contract shall continue in force until the end of the notice period or the resolution of the dispute by the Committee, whichever is later.

3. Non-renewal of the Commercial Agency contract:

The party not wishing to renew the Commercial Agency contract shall notify the other party of non-renewal one year before expiry of the term of the Commercial Agency contract, or before the lapse of one half of the term, which is less, unless the two parties agree otherwise.

Article 11 - Claim for Compensation

1. Without prejudice to Clause (2) of Article (9) of this Law and unless there is an express agreement to otherwise, if the Commercial Agency contract expires based on the provision of Clause (1/a) of Article (9) of this Law, the Agent may claim from the Principal compensation for the damage they have incurred as a result of the expiration of the contract.

2. If the termination of the Commercial Agency contract in accordance with the provisions of Clause (1/b) of Article (9) of this Law causes harm to either party thereto, the affected party may claim compensation for the damages they have incurred, and the Agent shall be entitled to compensation, if it proves that their legitimate activity has contributed to the achievement of visible and significant success of the products of the Principal and has led to the promotion of such products or the increase in the number of customers and that the termination of the Commercial Agency contract has led to depriving the Agent of their lost profit regarding this success.

Article 12 - Submission of the Application for Registration in the Commercial Agencies Register

The application for registration in the Commercial Agencies Register shall be submitted to the Ministry, and a decision shall be issued by the Minister to specify the data that should be available in the application. The application for registration shall be accompanied by substantiating documents, particularly the following:

1. A copy of a valid business license; and
2. A copy of the Commercial Agency contract attested and legalized by the official authorities.

Article 13 - Consideration of the Application for Registration

The Ministry shall consider the application for registration in the Commercial Agencies Register and issue its decision thereon within ten (10) working days from the date of completion of the requirements for registration. In the event that it is decided to be accepted, the Ministry shall issue a ratified certificate to this effect and notify the Competent Authority and the related parties.

Article 14 - Rejection of the Application for Registration

1. In the event that the application for registration submitted to it is rejected, the Ministry may indicate the reasons for this rejection, and shall notify the person concerned of the decision for rejection by a registered letter, hand delivery or email.
2. Failure to respond within ten (10) working days from the date of submission of the application completely meeting the requirements shall be deemed as a decision for rejection.
3. A party whose application has been rejected may file a challenge before the competent court within sixty (60) days from the date of being notified of the decision for rejection or becoming aware thereof, or from the day following the lapse of the ten days specified in Clause (2) of this Article.

Article 15 - Change or Amendment of Commercial Agencies

1. The Agent, their legal representative, or their heirs upon their death, shall submit an application to the Ministry regarding any change or amendment that occurs to the Commercial Agency in order to annotate therewith, and add them to, the Commercial Agencies Register, within sixty (60) days from the date of becoming aware of such change or amendment.
2. The Ministry shall notify the federal and local authorities concerned with customs affairs, the Competent Authority and the related parties of the aforementioned amendments and changes.

Article 16 - Deletion of Registration from the Commercial Agencies Register

1. The Agent or their legal representative shall, if they no longer meet one of the conditions stipulated in this Law or if the Commercial Agency has expired and not been renewed, submit an application to the Ministry for deletion of the registration of the Commercial Agency from the Commercial Agencies Register within a maximum of sixty (60) days from the date of occurrence of the reason for deletion, and the Ministry shall delete the registration from the Register.
2. The Ministry may delete the registration on its own initiative as long as it has verified that any of the conditions stipulated in this Law is no longer met, ten (10) working days from notifying the concerned parties.
3. The Ministry shall notify the federal and local authorities concerned with customs affairs, the Competent Authority and the related parties of the decision for deletion.

Article 17 - Documents to be submitted for Amending or Deleting the Commercial Agency

The application for amendment or deletion shall be accompanied by substantiating documents, and the Ministry may require the applicant for amendment or deletion to complete any documents it may deem necessary for effecting such amendment or deletion.

Article 18 - Extract from the Registration Sheet in the Register

Each interested party may obtain from the Ministry an extract from the registration sheet in the Commercial Agencies Register, and they may also obtain a certificate stating that the registration has not been made.

Article 19 - Duties of Agents

Agents shall:

1. Provide spare parts, tools, materials, fittings and accessories necessary and sufficient for maintenance of durable goods; and
2. Provide the maintenance services subject of the agency in accordance with the agreement of the two parties.

Article 20 - Prohibitions

1. Entry of goods, products, manufactured goods, materials or other property subject of any Commercial Agency registered in the Ministry may not be admitted for the purpose of trading other than through the Agent. Customs departments may not release such imports brought other than through the Agent, except with the approval of the Ministry or the Agent, and customs departments shall notify the Ministry or the Agent, as the case may be.
2. The customs departments, the related parties, and the Competent Authorities, each within the scope of their competence, shall, based on a request from the Agent through the Ministry, seize such imports and keep them in the port warehouses or the importer's warehouses until the dispute is settled.
3. The Ministry may, by a justified decision, admit entry of the goods and commodities and provision of the services subject of the Commercial Agency contract on a temporary basis.

Article 21 - Release of Activities or Materials

1. The Cabinet may, upon the recommendation of the Minister and after coordination with the competent entities determined by the Cabinet, release any activities or materials from Commercial Agencies, in accordance with the controls it determines, provided that the Cabinet Resolution sets a date for release of such activities or materials.
2. The Ministry shall delete the Commercial Agencies related to the activities and materials that have been released from the Commercial Agencies Register.

Article 22 - Administrative Penalties

The Cabinet shall issue the regulations of violations and administrative penalties to be applied to whoever violates any provision of this Law.

Article 23 - Commercial Agencies Committee

A committee shall be established under the name of the "Commercial Agencies Committee", and a resolution shall be issued by the Cabinet to determine its formation, work system, member remuneration and fees for hearing disputes before it.

Article 24 - Competencies of the Committee

1. The Committee shall be responsible for hearing disputes that arise between the parties to a Commercial Agency registered with the Ministry, and no case may be admitted before courts in this regard before referral to the Committee. The Committee shall proceed with hearing the dispute within twenty-two (22) working days from the date of submission of the application for hearing the dispute to it, in the event that the application is complete or from the date of completion of the required documents. The Committee may seek the assistance

of whomever it deems appropriate for the purpose of performing its duties. In all cases, the Committee shall decide on the dispute within a period of one hundred and twenty (120) days from the date of submission of the application, otherwise either party may resort to courts within sixty (60) days from the date on which this deadline lapses.

2. No challenge against the Committee's decision or referral of the dispute to courts may be admissible after the lapse of sixty (60) days from the date of notification of the Committee's decision, and the Committee's decision in this case shall have the force of a writ of execution.

Article 25 - Seeking the Assistance of Experts

The Committee may, in exercising its competencies, seek the assistance of experts or specialized entities in accordance with the terms and conditions set in its work system.

Article 26 - Resorting to Arbitration

1. The provisions of this Law do not prejudice any agreement between the Agent and the Principal to refer any dispute that may arise between them to arbitration.

2. The aforementioned arbitration shall take place within the State, unless the parties agree otherwise.

3. If the Agent or the Principal resorts to arbitration after the issuance of the Committee's decision within the challenge timeframe stipulated in Article (24) of this Law, the decision issued by the Committee in this regard shall neither have any effect nor give rise to any consequences.

4. As an exception to the provision of Article (31) of this Law, the provision of Clause (1) of this Article does not apply to Commercial Agency contracts in respect of which a dispute was being heard before the Committee or the competent courts before publication of this Law in the Official Gazette.

Article 27 - Judicial Enforcement

1. The employees of the Ministry or the Competent Authority, who shall be determined by a decision of the Minister of Justice or the head of the local judicial authority in coordination with the Minister or the head of the Competent Authority, as the case may be, shall have the capacity of judicial enforcement officers, in order to capture the violations of the provisions of this Law, each within the scope of their competence, and for this purpose, they may:

- a. Have access to the documents and papers related to the conclusion of the Commercial Agency and registration in the Commercial Agencies Register to prove acts committed in contradiction with the provisions of this Law and the decisions issued thereunder;
- b. Conduct inspection and capture violations and refer them to the Competent Authorities for investigation and trial; and
- c. Seek the assistance of the competent security agencies in cases that require this.

2. The Agent shall provide the aforementioned employees with the necessary data, information and documents for performing their work and facilitating their tasks.

Article 28 - Repeals

1. [Federal Law No. 18/1981](#) Regulating Commercial Agencies has been repealed, and every provision that contradicts or conflicts with the provisions of this Law shall be repealed.

2. The decisions and regulations in force prior to the entry into force of the provisions of this Law shall continue in force, in a manner that does not conflict with the provisions hereof, until a replacement therefor is issued.

Article 29 - Executive Decisions

Without prejudice to the competencies of the Cabinet stipulated in this Law, the Minister shall issue the necessary decisions for implementing the provisions of this Law.

Article 30 - Final Provisions

1. The provisions of expiration of the Commercial Agency stipulated in Clauses (a) and (b) of Article (9/1) of this Law shall not apply to Commercial Agency contracts in force at the time of its issuance, except after the lapse of two years from the date of its entry into force.
2. As an exception to the previous clause, the provisions for expiration of the Commercial Agency stipulated in Clauses (a) and (b) of Article (9/1) of this Law shall not apply to Commercial Agency contracts in force at the time of its issuance except after the lapse of ten years from the date of its entry into force, in the event of Commercial Agencies that have been registered for the same Agent for more than ten years or Commercial Agencies in which the volume of the Agent's investment exceeds one hundred million (100,000,000) dirhams. The volume of the Agent's investments shall be evaluated according to the standards and controls to be issued by the Minister.

Article 31 - Publication and Entry into Force of the Law

This Law shall be published in the Official Gazette, and shall come into force six (6) months from the date of its publication.