

FEDERAL LAW NO. 18


Issued on 11/8/1981

Corresponding to 11 Shawwal 1401 H.

ON THE REGULATION OF COMMERCIAL AGENCIES

Amended by:


**Federal Law no. 14/1988 dated 26/12/1988, and
Federal Law no. 13/2006 dated 03/06/2006, and
Federal Law no. 02/2010 dated 22/03/2010, and
Federal Law no. 11 dated 28/05/2020**

We, Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates State,
After perusing the provisions of the provisional  Constitution; and
Federal Law no. 1 of 1972 regarding the Jurisdiction of Ministries and the Powers of
Ministers, and the amending laws thereof; and

Based upon the proposal of the Minister of Economy and Commerce, the approval of the
Council of Ministers, and ratification of the Federal Supreme Council,

Have promulgated the Law as worded below:

Article 1

Article 1  was replaced by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988, by virtue of Article (1) of Federal Law No. 2/2010 dated 22/03/2010, and then by virtue of Article 1 of Federal Law No. 11//2020 dated 28/05/2020, to read as follows:

In the implementation of the provisions hereof, the following terms and phrases shall have the meanings assigned against each unless the context 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 the Principal by an Agent pursuant to a contract of agency, distribution, sale, display, franchise or offer of a commodity or service inside the state in return for a commission or profit.

Principal: The producer or manufacturer in the State or abroad, the exporter or the exclusive distributor authorised by the producer provided that the producer does not practice marketing by himself.

Agent: A natural or legal person who is proven under the contract of commercial agency to represent the Principal.

Article 2

Article (2)  was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988, then by virtue of Article (1) of Federal Law No. 11 dated 28/05/2020 to read as follows:

1- Carrying out the activities of commercial agency in the State shall be restricted to National individuals or companies wholly owned by the following:

a- A national natural person.

b- A Public legal person.

c- A private legal person owned by public legal persons.

d- A private legal person fully owned by natural citizens.

2- The public joint stock companies incorporated in the state shall be excluded from the provisions of Clause (1) of this Article, in which the share of Nationals of the state is not less than (51%) of the company's capital.

3- The Minister shall issue a decision on the procedures and controls necessary for the practice of commercial agencies work in the country by the companies mentioned in Clause (2) of this Article.

Article 3

The activities of the commercial agency in the State shall only be performed by persons whose names are inscribed in the commercial Agents' register provided for this purpose in the Ministry, any commercial agency not registered in this register shall not be considered, nor lawsuit therefore shall be heard.

Article 4

For the validity of the agency at the time of registration, the Agent must be directly bound to the original Principal by a written and ratified contract.

Article 5

The original Principal may resort to the services of one Agent in the State like one area, as he is allowed to resort to one Agent in each Emirate, or in several Emirates provided that the distribution of goods and services object of the agency is restricted to him inside the agency area.

A new paragraph was added by virtue of Article (2) of Federal Law No. 14/1988 dated 26/12/1988, to read as follows:

The Agent may resort to the services of a distributor in one or several Emirates covered in his agency.

Article 6

Article 6 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

The commercial agency contract shall be deemed for the mutual interest of the contractors, the States courts shall be competent to adjudicate any dispute arises from its execution between the Principal and the Agent, any agreement to the contrary shall be annulled.

Article 7

The Agent shall be entitled to commissions for the transactions concluded by the Agent himself or by other person in the area of agency, even if the transactions were not concluded as a result of the efforts of the Agent.

Article 8

Article 8 was amended by virtue of Article (1) of Federal Law no. 14/1988 dated 26/12/1988, Article (1) of Federal Law No. 13/2006 dated 3/6/2006, Article (1) of Federal Law No. 2/2010 dated 22/03/2010, and then by virtue of Article 1 of Federal Law No. 11 dated 28/05/2020 to read as follows:

1- The commercial agency shall extend to the heirs in the event of the death of the Agent.

2- Subject to the provisions of Articles 27 and 28 hereof, the Principal may not terminate the agency contract or refrain from the renewal thereof should there not be a fundamental reason behind the termination or non-renewal thereof. Furthermore, the agency may not be re-registered in the Register of commercial Agents under the name of another Agent, even if the previous agency's contract was of definite term, unless said agency has been rescinded upon the mutual

consent of the Agent and the Principal, or should there be fundamental reasons behind the termination of the agency or the non-renewal of the term thereof, that convince the committee, or subsequent to the issuance of a decisive court judgment to write-off said agency.

3-The end of the contract term does not constitute a fundamental reason for the termination of the commercial agency contract between the parties.

Article 9

Article 9 was replaced by virtue of Article (1) of Federal Law No. 13/2006 dated 03/06/2006 to read as follows:

If the termination of the agency contributed to cause damage to any of its parties, the prejudiced person is allowed to demand compensation for the damages sustained.

Article 10

Article 10 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

Registration claim in the commercial Agents register shall be submitted to the Ministry on the form provided for this purpose, the registration claim must include the names of the Agent and Principal, their nationalities, addresses, goods and services object of the commercial agency, the Agent's area of activity and the date of starting and date of termination of the agency contract.

If the commercial Agent is a commercial company, the registration claim must include the information specified in the previous paragraph in addition to the name of the company, its type, amount of capital, the address of the head office and its branches in the State.

Substantiating documents should be attached to the registration claim and in specific the following:

1- The commercial license of the Agent and his registration certificate in the commercial register issued by the competent departments in the concerned Emirates and a copy of each of them.

2- The agency contract ratified and authenticated by the official authorities and a copy of it. The original document shall be returned to the concerned person after reviewing it and verification of its conformity with the original.

Article 11

The Ministry shall give its decision concerning the registration claim within 15 months from the date of its submission, in case of the claim's approval, the Agent shall be granted an accredited certificate establishing this registration, the decision of the application's approval shall be published with its relevant details in the Official Gazette and notified to the municipal and customs departments, the Federation of Chambers of Commerce and Industry and the competent Chambers of Commerce and Industry.

Article 12

Article 12 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

If the registration conditions specified in this Law are not satisfied, the Ministry may refuse the registration claim submitted to it provided that it indicates the reasons of such refusal, and it must notify to the concerned person of the refusal decision within one month from the date of submitting the claim with the supported documents by a registered letter or direct delivery. Non response within this month shall be considered a refusal decision, any person whose claim was refused may oppose to the refusal decision before the competent civil court within sixty days from the date of his notification of the refusal decision or after the elapse of one month from

submitting the claim without any response taking into consideration whatever mentioned in Article 16 of this Law.

Article 13

The commercial Agent, his representative or his heirs in the event of his death are required to submit an application to the Ministry to notate in the register any change or amendment occurs on the information specified in the present Law and to the situations indicated, within 60 days at most from the occurrence of such change or amendment.

A new paragraph was added by virtue of Article (3) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

The claim's approval decision mentioned in the previous paragraph with all its details shall be published in the Official Gazette and notified to the municipal and customs departments, the Federation of Chambers of Commerce and Industry and the Chambers of Commerce and Industry.

Article 14

Article 14 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

The commercial Agent, his representative or his heirs in the instance of his death at the time of rescission or termination of the agency contract are required to submit a claim to the Ministry attached with the substantiating documents, for the registration erasure of the agency within sixty days at most from the date of rescission, death, or termination.

If any of the agency erasure reasons is established, the Ministry may perform this erasure after notifying the concerned person by a registered letter to attend within a time limit of sixty days to hear their objection on the reason justifying the erasure, if default thereof, they shall be re-notified in the same manner to attend within a time limit of another sixty days, if their non-appearance is recurred, the Ministry is allowed to perform the erasure after consulting the competent authority.

Article 15

The commercial Agent, if any of the conditions specified in this Law is not observed, must submit a claim to the Ministry for the erasure of his registration from the commercial Agents register within sixty days at most from the verification of erasure cause, and the Ministry is required to perform the registration erasure from the register.

The Ministry may spontaneously perform the registration erasure should any of the reasons are verified in conformity with the situations specified in paragraph 2 of the previous Article.

Article 16

Article 16 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

The registration claim, amendment or erasure must be supported with the substantiating documents, and the Ministry may approve on these claims after obligating the applicant to fulfill the required documents.

Article 17

The Ministry is required to notify to the municipal and customs departments, the Federation of Chambers of Commerce and Industry and the Chambers of Commerce and Industry in the State of the Agents names registered in the commercial Agents register with any change, amendment or erasure that may occur within thirty days from the date of registration, amendment or erasure.

Article 18

Any concerned person is allowed to obtain from the competent authority an extract of the registration sheet in the register and also, he shall obtain a certificate of non-registration.

Article 19

The implementing regulation of this Law shall determine the duties due on the registration claim in the commercial Agents register or the notation claim in the register of any change, or amendment of its information, in addition to the duties due for obtainment an official extract from the registration sheet.

Article 20

The commercial Agents existing at the time of the enforcement of provisions of this Law must submit their registration claim in the register in conformity with the provisions and conditions specified within six months from the date of its enforcement.

All persons who do not satisfy the conditions determined in this Law must adjust their situations pursuant to its provisions within one year from the date of its enforcement.

If the commercial agency fails to satisfy the conditions determined within the period specified in the previous paragraph, it shall be considered terminated by force of law.

Article 21

Commercial Agents are required to provide all the spare parts, tools, materials, supplements and accessories necessary and sufficient for maintenance of the perennial goods imported by them.

Article 22

Article 22 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

Shall be liable to a fine of at least five thousand Dirhams whoever carries out the activities of the commercial agency contrary to the provisions of this Law. The courts' clerks are required to notify to the Ministry and the competent authority, the Federation of Chambers of Commerce and Industry and the Chamber of Commerce and Industry wherein the Agent has carried out his activity within its jurisdiction of the judgment immediately after its rendering.

Article 23

Article 23 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988, and then by virtue of Article 1 of Federal Law No. 13/2006 dated 03/06/2006 to read as follows:

It is not allowed for any person to enter goods, products, manufactures, materials or other assets object of any commercial agency registered in the Ministry in the name of other person, for the purpose of trading through other than the Agent, the customs departments must not release these goods not imported by the Agent unless approved by the Ministry or the Agent. The customs departments and the competent authorities each within his concern and upon the application of the Agent through the Ministry are required to seize these imports and consign them in the ports warehouses and the importers warehouses until this dispute is adjudicated, except for the materials which are decided to be traded freely by a resolution given by the Council of Ministers, the Ministry is required to erase the commercial agencies related to these materials from the commercial agencies register.

Article 24

Without prejudice to any greater penalty specified in the Penal Code or any other Penal law, shall be sentenced by a fine of at least five thousand Dirhams whoever carries out any of the following acts:

a- Submits willfully to the competent authority or any other official authority incorrect information concerning the registration, erasure or notation in the commercial Agents register, if these invalid information contributes to registration, erasure or notation contrary to the provisions of the present Law, the court shall order in addition to the penalty determined, erasure of the registration or cancellation of the notation or cancellation of the erasure, the judgment shall be published in the Official Gazette.

b- Establishes by publications or letters concerning the commercial activities, or publishes by any means of publishing and contrary to the fact that he is the commercial Agent of a physical or juristic person, or an Agent for merchandising and sale, distribution of goods, products, materials or other assets. The court shall render a judgment in all instances to correct this information in conformity with the situations and within the fixed time limits fixed, the judgment shall be published in the Official Gazette.

Article 25

Article 25 was abrogated by virtue of Article (4) of Federal Law No. 14/1988 dated 26/11/1988

Article 26

In addition to the penalties mentioned in the present Law, the competent court is entitled to decide the closure of the premises wherein the Agent is carrying out his activity.

And the competent authority is allowed to decide to re-open the premises upon the application of the concerned persons when the reasons of closure are eliminated or for clearance purpose.

Article 27

Article 27 was amended by Article (1) of Federal Law no. 14/1988 dated 26/12/1988, then was abrogated by virtue of Article 2 of Federal Law no. 13/2006 dated 3/6/2006, then a new text was added by virtue of Article (2) of Federal Law 2/2010 dated 22/3/2010, to read as follows:

By virtue of a cabinet decision, a committee called the Commercial Agencies Committee shall be established, the meetings shall be organised and the remunerations of the members thereof as well as the fees of examination of litigations shall be thereby determined.

Article 28

Article 28 was amended by virtue of Article (1) of Federal Law no. 14/1988 dated 26/12/1988, then was abrogated by virtue of Article (2) of Federal Law no. 13/2006 dated 3/6/2006, then a new text was added by virtue of Article (2) of Federal Law no. 2/2010 dated 22/3/2010, then by virtue of Article 1 of Federal Law No. 11 dated 28/05/2020 to read as follows:

The Committee shall have the competence over examining any litigation arising from the commercial agency registered before the Ministry. The action filed before the courts in this regard may not be accepted before submitting it to the Commercial Agencies Committee. The Committee shall start examining the litigation within 60 days from the date of submitting the request of the dispute examination thereto, should the request be complete or from the date of completion of all required documents. The Committee may request the assistance of whomever it deems adequate in order to perform the tasks thereof.

The decision of the Committee may be appealed before the competent court within 30 days from the date of notification of the decision of the Committee, otherwise the decision of the Committee shall be deemed final and unappealable.

Article 29

Article 29 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988 to read as follows:

The Ministries Official and the competent authority assigned to control the enforcement of the provisions of the present Law are entitled to review the documents and papers related to the agency and the registration in the register to prove any violation to the provisions of this Law and the decisions issued for its implementation and refer the matter to the authority competent of investigation and trial, the commercial Agent is required to submit to the mentioned officials the data, information and documents requested for carrying out their duties.

Police departments in the Emirates are required to enable these officials to perform their duties, check and prove any violation to the provisions of this Law or the decisions issued for its implementation.

Article 30

Article 30 was amended by virtue of Article (1) of Federal Law No. 14/1988 dated 26/12/1988, then by Article (1) of Federal Law No. 11 dated 28/05/2020 to read as follows:

The employees who are determined by a decision issued by the Minister of Justice in agreement with the Minister, shall have the capacity of judicial officers to prove within the scope of their competence, the violations of the provisions of this law, its implementing regulations and the decisions issued in implementation thereof.

These Officials are prohibited from disclosing any matters brought to their knowledge by virtue of their duties should they be confidential by their nature. Without prejudice to any civil or penal liability, any official who violates this prohibition shall be subject to a disciplinary penalty.

Article 31

Any provision to the contrary is abrogated.

Article 32

Article 32 was amended by virtue of Article (1) of Federal Law No. 11 dated 28/05/2020 to read as follows:

The Minister shall issue the regulations and decisions necessary for the enforcement of the provisions of this Law.

Article 33

This Law shall be published in the Official Gazette and shall come into force six months subsequent to its publication.

Promulgated by Us at the Presidential
Palace in Abu Dhabi
.On 11 Shawwal 1401 AH
Corresponding to 11 August 1981

Zayed Bin Sultan Al Nahyan

President of the United Arab Emirates State

.10 This Federal Law has been published in the Official Gazette, issue no. 94, page