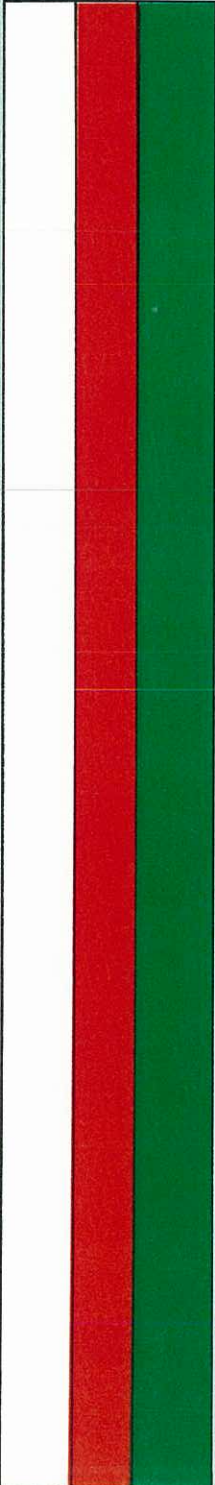


**OMAN CHAMBER OF
COMMERCE AND INDUSTRY**



**COMMERCIAL AGENCIES LAW
AND ITS
REGULATIONS**

**INCLUDING LATEST AMENDMENTS
UPTO 1997**

**SIXTH EDITION
AUGUST 2004**

INTRODUCTION

This booklet published by Oman Chamber of Commerce and Industry (OCCI) contains the text of the Royal Decree No. 26/77 promulgating the Commercial Agencies Law and its subsequent amendments and the Ministerial Decision No. 11/85 amended by Ministerial Decision No. 112/97 issuing the executive regulations for the law, in Arabic with an unofficial translation into English.

The publication of this booklet comes as part of the keenness of OCCI in promoting and supporting economic relations between the Sultanate of Oman and other countries of the world and in order to provide an opportunity for all those who deal with the Omani market to get acquainted themselves with the laws and regulations that govern in this regard.

We strongly believe that knowing and understanding of the concerned laws are the beginning of the road to success for those who aspire to establish successful business ventures.

OCCI does not bear any responsibility on the accuracy of the English translation and the Arabic text as published in the Official Gazette shall be the authentic version.

With best wishes for success.

*Muscat,
August 2004*

ROYAL DECREE NO. 26/77
Commercial Agencies Law
including latest amendments up to 1997

We, Qaboos bin Said, Sultan of Oman, after perusal of the law governing the Administrative Apparatus of the State 26/75; law 8/74 governing the Commercial Register; law 4/74, governing the commercial companies and law 6/74 for protecting the Developing Industries and in accordance with the suggestions submitted to us by the Minister of Commerce and Industry after consultation with the Diwan of Legislation,

Have decreed as follows:

General Regulations

Article 1 : For the purpose of applying the provisions of this law, a commercial agency shall mean any agreement whereby a manufacturer or supplier outside the Sultanate assigns one or more merchants or commercial companies in the Sultanate to sell, promote or distribute goods and products or provide services whether in his capacity as an agent, representative or intermediary for the product or the original supplier who has no legal presence in the Sultanate, against a profit or commission.

In all cases, the commercial agent shall run the business of his agency and organise his normal commercial activity independently.

Article 2: It is not permissible for companies or individuals to carry on commercial agency business or importation of various kinds of goods within the Sultanate except on conditions laid down in the following articles. Imports intended for personal use and not for trading purposes are exempted.

Article 3: Individuals and companies who practice the trade of import or commercial agencies shall fulfill the following conditions:

Individual Merchant:-

- a) Should be an Omani citizen and his normal domicile in the Sultanate.
- b) Should be not less than 18 years of age.
- c) Should be registered in the Commercial Register and is a member of the Oman Chamber of Commerce and Industry and his head office in Oman.
- d) Should not have been convicted of bankruptcy or fraud or speculation in the prices of goods, or any crime affecting honour or good reputation, unless he has been rehabilitated.

The Company:-

- a) Should be registered in the Commercial Registry and its principal office should be in the Sultanate.
- b) Omani share in its capital should not be less than 51%.
- c) The purpose of the company includes import trade and commercial agencies business.

Article 4: Companies or individuals involved in commercial agency business at the time of the promulgation of this law, shall notwithstanding the regulations of the law, be granted a period of grace not exceeding one year from the date this law takes effect to liquidate their agencies. But a company or individual who fails to fulfill one or more of the conditions of the previous article, may apply for the registration of any agency in the Register of Commercial Agencies as a temporary measure and continue to practice commercial activity. Provided that such company or individual shall redress their situation in accordance with the provisions of this law during the period of grace referred to above, failing which the Ministry shall delete their name from the Register of Commercial Agencies and prohibit them from practicing commercial agency business in the Sultanate.

Article 5: Without prejudice to the provisions of Article 2 of this law, no merchant or company shall be allowed to import goods

subject of an agency in the Sultanate, from other than the original manufacturer or supplier who has an agent in the Sultanate registered pursuant to the provisions of this law.

The Minister of Commerce and Industry can prohibit import of goods subject of the agency if the principal cancelled the agency on his part without an acceptable reason.

Article 6: Commercial Agency contracts are subject to the following regulations in addition to any terms the contracting parties may stipulate therein.

- a) The agency contract or any amendment thereto shall be in writing and attested by Oman Chamber of Commerce and Industry. As regards the agencies concluded outside the Sultanate, the attestation shall be made by the authority as specified in the law's executive regulation.
- b) The contract shall consist of the basic elements of the rules and conditions of the commercial agency and in particular:
 - 1) Name of both the principal and the agent and their nationalities.
 - 2) The assets, goods and services of the agency, its commercial name (if available) and the rights and obligations of both the principal and the agent.
 - 3) The term of the agency and the area the agency covers.
- c) The contract between the original manufacturer or supplier shall be made in the country of origin without an intermediary and if the manufacturer had more than one country of origin, the contracting can be made with one of them.
- d) The contract shall be entered in the register designed for this purpose at the Ministry in accordance with the provisions of this law.

Article 7: The principal cannot - throughout the agency contract validity period - resort to selling or disposing off his products, goods or services by himself or by an intermediary in the Sultanate through other than the agent. In the event of infringement, the agent shall be entitled to the profit or commission as agreed upon in the agency contract on the deal which the principal concludes by himself or through the intermediary, even if the agent had no effort in such a deal.

Article 8: The principal shall compensate the agent for his expenses and absolve him from his obligations for the purpose of executing the agency agreement.

Article 9: Agents shall supply consumers in all cases with:

- a) All the guarantees that are normally given by the original manufacturers or suppliers for the goods which are distributed or sold by the agents.
- b) The spare parts necessary for the repair and maintenance of vehicles, engines, machinery, electrical and electronic equipment, mechanical tools etc. which are distributed or sold by the commercial agency.
- c) The necessary workshops for repairs in respect of all items mentioned in the previous para.

The Ministry may relieve the agents from their obligations in para (b & c) of this article, if they submit evidence that the spare parts and workshops are in fact available with other agents or technicians in the Sultanate or in the area which the agency covers.

Article 10: The following are examples where abuse of a right has been practiced and for which suitable compensation shall be made:

- a) When any of the two parties terminates the unlimited term of the agency contract, without the other party committing a breach to justify such an action.
- b) When the principal refuses to renew the term of the agency contract after it expires if the agent proves that

his activity (efforts) has led to an evident success in the distribution and promoting the sales of the products of the principal, and that the refusal of the latter to renew the contract would deprive the agent from the benefits expected as a result of his effort unless the principal can prove that the agent has committed a breach that justifies his refusal to renew the contract.

- c) If the agent renounces the agency suddenly without justifiable cause to the detriment of the principal.

Registration of Commercial Agencies (Procedures and Conditions).

- Article 11:
- a) A register to be known as the "Register of Agents and Commercial Agencies" shall be maintained and kept at the Ministry and the necessary forms shall be issued for the purpose of implementing the provisions of this law in accordance with the rules and instructions of the Minister or an officer the Minister appoints from the employees of the Ministry as Registrar.
 - b) Any person who wishes to practise commercial agency business shall first complete the registration of his agency in the Register designed for this purpose before commencing any business.
 - c) The commercial agencies existing at the time this law becomes effective and every person who acts as an agent in accordance with the provisions of this law, should register their names in the register during 60 days from the date this law becomes effective.
 - d) The agency shall be considered as existing from the date of its registration in accordance with the provisions of this law. Any agency which is not registered shall not be recognised and any case concerning it shall not be heard.

Article 12: Applications for registration of Commercial companies should be submitted on a prescribed form designed for this

purpose in the Ministry with the supporting documents attached to the application.

Article 13: The Ministry shall decide on the application for registration with days from the date of its submission and shall provide the agent with a signed certificate confirming his entry in the register. The Ministry shall also announce the entry through the medium as specified by the executive regulation for that.

The Ministry shall have the right to reject any application for registration, by giving reasons for rejecting. It shall send the concerned person a copy of the decision to reject by registered post.

Any person may obtain from the Ministry extracts from the register.

Article 14: The Council of Ministers, in accordance with the recommendation of the Minister of Commerce and Industry may limit the number of agencies allowed for every agent, and their types, also the number of agencies allowed in the Sultanate or its various regions.

The Ministry also, upon the approval of the Council of Ministers may import supplies and goods on its own or through merchants appointed by the Ministry for this purpose, in cases of necessity, without being bound by the rules and regulations of this law.

Article 15: The Ministry shall delete the agency entry if it was proved that the entry was made on a wrong basis or on the strength of false data or for any other reason stipulated by the law.

The Ministry shall also delete the agency registration based on the request of the principal upon expiry of its term and for non-agreement for renewing the contract, provided that the agent should have informed of the principal's lack of interest in renewing the contract, within the agreed upon period, whereby the notice period shall not be less than three months from the expiry of the contract, failing to which the agency shall be deemed renewed for the same period as agreed upon in the contract.

Article 16: Every person concerned whose application for registering his agency has been rejected in the cases mentioned in Article 15 above, shall have the right to appeal against the decision within a month from the date of intimating him of the decision. The appeal shall be submitted to the Minister, stating the reasons on which he has based his appeal. The Minister's decision in this regard shall be final.

Article 17: The agent, his deputy or his heirs (in the event of his death) and also the manager of the company or its legal representative shall, upon cancellation of the agency or expiry of its specified period and not renewing, apply to the Ministry to delete the agency's registration from its records within one month from the date of death, cancellation or expiry. This application shall be accompanied with supporting documents. If the concerned persons did not apply to the Ministry to delete registration within the above-said period, the Ministry may delete it by itself and inform the concerned parties accordingly.

THE CONCERNED COURT

Article 18: The First Instance court shall decide on all matters and disputes between the principal and the agent relating to the application of the provisions of the agency contract. It shall decide and determine the suitable compensation, guided by the local trade practices, laws of justice and fairness, unless the parties agree to resort to arbitration.

Penalties:

Article 19: a) Notwithstanding any penalties stipulated in any other law, any person who violates the provisions of Articles 3 and 4 or does not fulfill his undertakings or commitments in accordance with the provisions of Article 9 or violates the provisions of Article 11 of this law shall be liable to a minimum fine of R.O. 500 and not exceeding R.O. 10,000.

In case the contravention is repeated the fine shall be doubled in both its minimum and maximum limits and the commercial place or that part thereof which the contravener has allotted for running the business of the commercial agency shall be closed and both his name and that of his agency shall be deleted from the Commercial Register.

- b) Notwithstanding any penalties stipulated in any other law, a fine not less than R.O. 100/- and not exceeding R.O. 1,000/- shall be imposed on:
- i) every person who deliberately submit to the Register false statements or documents relating to the agency or its registration in the Register. In this case ASCD shall issue an order to the person concerned to correct the documents or statements within the dates fixed by ASCD. If ASCD sees that this is not possible, then it will order the cancellation of the registration completely.
 - ii) any person who falsely mentions himself in the correspondence or publications related to the business of his commercial agency or published in any of the publication and advertisement media as the agent of a company or foreign products, material, commodity or goods.

Article 20: The Minister may issue a written order authorizing any of the employees of the Ministry to examine the books, documents and papers pertaining to any commercial agency for the purpose of ensuring that such an agency for the purpose of ensuring that such an agency is genuine and that the principal had appointed an agent for the agency in the Sultanate without the intervention of others and other matters relating to the implementation of the provisions of this law.

Article 21: The Minister of Commerce and Industry shall be responsible for the execution of this law and for issuing the necessary regulations for the application and execution of the law to

include:

- 1) The organising and supervision of the Register provided for in article (11) of this law, the method of keeping the register and examining it and the statements, that may be given to those concerned.
- 2) Fixing the registration fees, renewals and obtaining the testimonials, statements etc.

Article 22: This decree shall be published in the official gazette and shall take effect from the date of its publication.

9th May 1977

Qaboos bin Said
Sultan of Oman.

Ministry of Commerce and Industry
Ministerial Decision No. 11/85
Amended by the Ministerial Decision No. 112/97*

Concerning the Regulations implementing the
Royal Decree No. 26/1977
promulgating the Commercial Agencies Law

The Minister of Commerce and Industry,
after perusal of Royal Decree No. 26/1975 promulgating the law setting up
the Administrative Apparatus of the State and its amendments,
and of the Commercial Agencies Law issued by Royal Decree No. 26/1977,
has decided.

Section One
Commercial Agencies

- Article 1 : A register (to be known as the Register of Commercial Agents and Agencies) is to be set up in the Directorate General of Commerce (Commercial Agencies and Trademarks Department) and applications are to be recorded in it which have been accepted in accordance with the provisions of the Law of Commercial Agencies No. 26/1977 referred to above, and with the provisions of this Decision. The Director General of Commerce shall organize the supervision of the register and the method of registration.
- Article 2: Applications for registration are to be set out on the relevant form and the Directorate General for Commerce in each area shall specify the number of copies required. If the applicant wishes to record his name as an agent for more than one manufacturer or supplier, he must present a separate application form in respect of each one.
- Article 3: Applications for registration must include the following declarations:

* Articles 7, 18 (a-3 and b-3), 20 and 23 of the Executive Regulations were deleted by the Ministerial Decision No. 112/97 issued on 16 September 1997.

(a) Declaration in respect of a natural agent:

Full name, age, nationality, place of residence, head office of the business, commercial name, number and dated of Commercial Registration, number and date of Oman Chamber of Commerce and Industry subscription.

(b) Declaration in respect of juristic agent :

Commercial name, number and date of Commercial Registration. Import and commercial agencies activities should be among the objectives of the company and the Omani share in its capital should not be less than 51%.

(c) Declarations in respect of the principal and the agency

1. The name of the principal, his headquarters, his nationality and his title in respect of the agency.
2. The commencement and expiry date of the agency.
3. The exact location and geographical area of the agency in the Sultanate.
4. The objects of the agency, its name and the trademark under which it operates.

Article 4 : The application for registration must be accompanied by documents corroborating the declarations set out in the previous Article, and the following documents in particular :

1. A copy of the agency contract attested by Oman Chamber of Commerce and Industry or by the Sultanate of Oman's embassy in the country of the principal or by the embassy of any Arab country if Oman's embassy was not available in that country. The competent authority of that country should attest the contract, showing the rights and responsibilities of both the principal and the agent and the rate of commission, if any. The contract should be between the agent and manufacturer or the supplier in the country of origin without an intermediary, and if the product was manufactured in more than one country, then the contract can be made with any those countries.

Where the agreement indicates that the manufactured goods are produced by another factory, evidence must be furnished that the principal is the original supplier of these goods.

2. A declaration detailing the manner in which the agent discharges the obligations stipulated in Article 9 of the Law of Commercial Agencies, and in particular the opening of a maintenance workshop in the areas designated by the Ministry.
3. A copy of the Foreign Business and Investment Licence in respect of companies subject to the Foreign Business and Investment Law.
4. A declaration from the Applicant that he has not been convicted for breach of honour, improper conduct or bankruptcy, unless rehabilitated.
5. Any other documents required to fulfil any other relevant law.

Article 5 : Applications for registration will be recorded in a special ledger known as the Applications Ledger, and will be numbered in order of their appearance. The applicant will be given a receipt containing this number.

Article 6 : The Directorate General of Commerce (Commercial Agencies and Trademarks Department) will review these applications and will decide on them within fifteen days from the date when the required documents have been filed. The Directorate will inform the applicant of the result of the review of the required documents by registered letter. The application shall be considered null and void if, six months after the date of notification, no steps are taken on this matter.

Article 7 :

Article 8 : If the application is accepted it will be recorded in the register referred to in Article 1 hereof by number and date consecutively. From this date all the stipulations and procedures decreed in the law and in these regulations will become effective. The agent shall be given a copy of the application for registration and, after payment of the approved fee, shall be given a certificate of registration.

Article 9 : In the event of rejecting the registration, the Directorate General of Commerce shall notify the applicant accordingly, by a registered letter, citing therein the reasons for such refusal. The applicant shall have the right to appeal to the Minister of Commerce and Industry against the refusal decision within one month from the date of notification and the Minister's decision in this regard shall be final.

Article 10 : The registration of the agency must be renewed every three years from the date of initial registration in the register or from the date of last renewal. The application must be presented thirty days before the period expires. However, the application will be accepted if presented within ninety days of the expiry period provided that a double fee is paid.

The registration of the agency will be cancelled if an application for renewal is not presented within ninety days of receipt of a registered letter containing a written warning, unless there is a dispute concerning the agency, with the Authority for Settlement of Commercial Disputes.

The cancellation will be effected by a decision made by a committee set up at the Directorate General of Commerce chaired by the Director General of Commerce and whose members are the Company Affairs Department, the Director of the Commercial Agencies and Trademarks Department and the Director of Internal Trade.

The agency registration shall be cancelled if it was not renewed with thirty days from the date of notifying the agent by a registered letter, if the agent was a sole agent. The registration shall also be cancelled upon the request of the principal upon its expiry and if it was not renewed further with mutual consent of the principal and the agent, provided that the agent should have been notified that the agent is not interested in renewing the agency within the agreed upon date. Otherwise, the agency shall be renewing automatically for the same period agreed upon in the contract.

Article 11 The following documents must be submitted with an application for renewal :

1. Documents demonstrating that the agent is continuing the agency.

Article 17 No person, natural or juristic, shall be allowed to import the commodity for the purpose of trading in it, if he was not-registered with the Commercial Registry and a certificate (from) has been issued to him in respect of the commodity permitted to import, provided that it should be one among his licenced commercial activities.

Article 18 Any one engaged in importation must fulfill the following conditions.

(a) Merchants :

1. he must be a natural Omani citizen or have been naturalized for three years.
2. he must be not less than 18 years old.
3. his head office must be in Oman.
4. there must be no previous convictions against him of bankruptcy or dishonesty.

(b) Companies :

1. it must be established in accordance with the provisions of the laws of the Sultanate and the proportion of Omani share capital shall be not be less than 51%.
2. its head office must be in Oman and the company must include importation among its objects.

Article 19 Registration applications shall be submitted to the Commercial Affairs Department at the Ministry of Commerce and Industry or to its regional offices, accompanied with documents proving the carrying out of the activity.

Import licence shall be granted according to the following :

- a. For manufacturing and services projects, licence to import material required by them to carry out their activities, under a one year import licence.
- b. For trading establishments, licence to import commodities for personal use and not for trading purpose, within the limits of the requirements of the licenced activity.

2. Documents demonstrating that the obligations set out in Article 9 of the Law of Commercial Agencies have been discharged.
3. Documents indicating the continuous registration of the agent in the Commercial Register and Oman Chamber of Commerce and Industry.

Article 12 The commercial agent must notify to the Directorate General of Commerce (the Department of Commercial Agencies and Trademarks) of any amendments in the particulars concerning the commercial agency or agencies registered in his name, and in particular any amendment or a separate agreement in respect of the amount of the commission or its percentage or the rights and duties of each party to the agency agreement. Application for additions to or amendments of or cancellation of a commercial agency agreement must be presented on the applicant's official letterhead accompanied by the necessary documentation. The Director General of Commerce must enter such additions, or amendments or cancellations, in the register after considering and accepting them.

Article 13 All agency registrations or alterations or renewal or deletion of details entered in the register shall published by Oman Chamber of Commerce and Industry's bulletin.

Section two Importation

Article 14 Any merchant or company may import the goods subject of any agency in the Sultanate from any one other than the original manufacturer or supplier who has an agency registered in the Sultanate.

Article 15 Importation other than for personal use must be carried out in accordance with the procedures set out in the following Articles.

Article 16 The Minister of Commerce and Industry will decide upon those materials which may not be imported from abroad in accordance with what has been decided in the public interest.

- Article 20
- Article 21 The importer shall produce the approval of the concerned authority if the commodity came under the purview of such authorities.
- Article 22 The Ministry shall have the right to refuse import licence applications if they were not fulfilling the conditions set out. However, the applicant may appeal to the Minister of Commerce and Industry against the decision within thirty days from the date of notifying the refusal and the Minister's decision in this regard shall be final.
- Article 23

**Section Three
General Regulations**

- Article 24 All commercial agents and importers must cease carrying out their activities when informed to do so by the Directorate General of Commerce within a month from the date of being so informed.
- Article 25 The Commercial Agencies and Trademarks Department shall prepare an index of the names of registered agents, types of the products and services covered by their agencies. Similarly the Commercial Register shall also prepare lists of registered importers.
- Article 26 The Directorate General of Commerce shall give the person concerned, certificates concerning the information contained in the registers after ascertaining their particulars and payment.
- Article 27 The provisions of the above referred Ministerial Decision No. 204/93 and the amendments thereto shall continue to be effective as far as the fees set out are concerned.
- Article 28 All that contradicts with the provisions of this Decision shall stand cancelled.
- Article 29 This Decision shall be published in the Official Gazette and shall come into effect as from the date of its publication.

Salim bin Abdullah Al Ghazali
Minister of Commerce and Industry

Issued on : 22 : January 1985