

Law No. 13 for year 2016
For Regulating the Commercial Agencies

After having seen:

- The **Constitution**;
- The **Decree of Income Tax No. (3)** for the year 1955, and its amendments;
- The **Decree No. (1)** for the year 1959, concerning the **commercial registry**;
- The **Law No. (16)** for the year 1960, concerning the **Issuance of the Penal Law** and its amended laws;
- The **Law No. (17)** for the year 1960, concerning the **Law of Procedures and Penal Trials**, and its amending laws;
- The **Law No. (36)** for year 1964, concerning the **Regulation of Commercial Agencies**;
- The **Decree in Law No. (38)** for year 1980, concerning **Issuance of the Civil and Commercial Proceedings**, and its amending laws;
- The **Decree in Law No. (67)** for year 1980, concerning **issuance of the Civil Law** and its amendments;
- The **Decree in Law No. (68)** for year 1980, concerning **issuance of the Trade Law** and its amending laws,
- The **Law No. (79)** for year 1995, concerning the **Fees and Charges Against Utilization of Public Utilities**;
- The **Law No. (5)** for year 2003, concerning the **Approval on the Unified Economic Agreement between GCC Countries**,
- The **Law No. (10)** for year 2007, concerning the **Protection of Competition** and its amendments;
- The **Law No. (6)** for year 2010, concerning **Labour in the Private Sector** and its amendments;
- The **Law No. (7)** for year 2010, concerning the **establishment of Capital Markets Authority, and Regulating Securities Activity**, and its amendments;
- The **Law No. (111)** for year 2013, concerning the **Licenses of Commercial Stores** ;
- The **Law No. (116)** for year 2013, concerning the **Promotion of Direct Investment in the State of Kuwait**;
- The **Law No. (39)** for year 2014, concerning **Consumer Protection Law**;

- The **Law No. (1) for year 2016, concerning issuance of the Companies Law;**

The National Assembly has approved this Law , and ratified and issued the following:

Article (1)

In implementation of the provisions of this law, "Commercial Agency" means every agreement by virtue of which the person who has a legal right would enable a trader or a company in the State to sell, promote, or distribute commodities or products, or provide services in his capacity as an agent, distributor, franchisee, or licensee for the original producer or supplier in consideration of profit or commission.

Article (2)

Adhering to the rules in the **Law No. (68) for the year 1980** referred to; concerning **commercial agencies** , the Principal is permitted to have more than one agent and distributor.

It is conditional that those practicing the activities of commercial agencies shall:

- 1- Be a **Kuwaiti** natural individual or a group of **Kuwaiti** natural persons; or be a legal entity , provided that the **Kuwaiti** partner holds a capital share that is not less than 51%.
- 2- Be registered in the commercial registry.
- 3- Be licensed to practice the activity included in the agency.
- 4- Directly connected to the principal with an agency contract, or connected with persons legally authorized to represent him.

Article (3)

It is conditional that the commercial agency contract shall include the following details ;

- 1- Name of the agent or distributor, and name of the principal and his nationality.
- 2- Commodities, products or services outlined in the contract.
- 3- Rights and obligations of both of the principal and agent or distributor, and the extent of Principal's liability in respect of the Agent's obligations representing him in the commercial field.
- 4- Area of business of the agent or distributor.
- 5- Term of agency and renewal procedures
- 6- Agency's termination and its expiration conditions

- 7- Any other conditions agreed upon between the principal and agent or distributor which shall not contradict with the provisions of this law .

Article (4)

The importation or supply of any commodity or product shall not be limited to their agent or distributor, if it is exclusive, or even includes the right to use the trademark, provided that the persons who import or provide such commodity shall meet the conditions and provisions of this law and its executive regulations.

In all cases, the imported or supplied commodities shall meet accepted international conditions and standards; and GCC specifications approved in the State of Kuwait, and the manufacturer's terms of warranty to which the agent shall adhere, and that agents and distributors for corresponding commodities and products shall accordingly be subject to the same conditions within GCC countries.

Article (5)

In the event where the commodities and products are imported from a third party, the agent or distributor shall provide repair and maintenance services for the commodities which he markets in Kuwait, ; subject to the manufacturer or principal's consent on respective warranty terms of the commodities and products as well as the necessary services; provided that the imported commodity or product by the third party shall be of the same type of commodities and products which the agent or distributor markets in Kuwait, and that these commodities shall meet the international quality standards and conditions and GCC specifications, and shall be free from any manufacturing defects .

the respective services are inclusive of the supply of spare parts for the commodities and products referred to in the previous paragraph, as well as providing maintenance in accordance with terms of warranty, without imposing any price increase to the agent's customers.

Article (6)

The commercial agency's registry existing in the Ministry of Commerce and Industry shall continuously remain valid and effective, and all accepted commercial agencies according to the provisions of this law, shall be registered in it.

Any commercial agency not registered in the aforementioned register shall not be considered nor shall a lawsuit be heard with regard thereto.

Article (7)

The commercial agency's agent or distributor shall complete the registration request on the form prepared by the register of commercial agencies thereto.

The Ministry of Commerce and Industry should decide on the application request submitted to it for the registration of the commercial agency within thirty days from the submitting date by using the respective form, otherwise, the request shall be deemed rejected. For accepted requests, the agent shall be granted a certificate evidencing the registration of the agency in the register prepared thereon.

the agent with the accepted request shall ensure that the registered agency and all related essential details are published in the official gazette, and in addition, announce in two daily newspapers whether the product or commodity registered agent is another business entity, within two weeks as of the date of registration of agency, otherwise the registration process shall be suspended till it is formally published .

Article (8)

The Ministry of Commerce and Industry may reject the request of the registration of a commercial agency with a justifying decision , and it shall notify the respective person by virtue of a copy of this decision enclosed by an official registered receipt , or any other means by which the notification is reached.

In accordance with the previous Article the person whose request was rejected or not decided within thirty days may appeal the decision before the concerned court within sixty days of the date of notification of the rejection decision , or from the date of passing of the aforementioned period.

Article (9)

In observance the provisions of the commercial agencies within the Kuwaiti Commerce Law, an agent may re-register an agency in his name; in the following events :

- a) That the previously registered agency was terminated by virtue of the parties' mutual agreement
- b) the previously registered agency was cancelled as a result of a final executed court 's decision
- c) The previously registered agency had expired as specified in its initial agency contract;

The principal may not terminate the contract, without a breach on the part of the agent, otherwise he shall be liable to compensate him for any damage which may have been incurred to the agent as a result of the termination; any other agreement contradictory thereto shall be void.

Article (10)

The agent or distributor, as the case may be; shall be obliged to :

- 1- Supply the commodities, products or services required for the agency with sufficient consistency; as well as the relevant spare parts for the commodities required, provided their continuous availability in the country of production.
- 2- provide necessary maintenance and repair workshops for the respective commodities, in lieu of the agency; and ensure all manufacturer guarantees are offered to the agent pertaining State specifications compliance expectations
- 3- Maintain the inventory of commodities prices from the suppliers, in addition to insurance, shipping and transportation documents, and their customs duties. The executive regulation shall specify any undocumented expenses.

In the event that the agency has expired, the obligations of the respective agent or distributor, shall continue for a period of six months as of the date of its expiration, or till a new agent or distributor is appointed, whichever is earlier.

Article (11)

The agent or distributor shall be permitted to appoint a manager to manage the agency. In such event, he is required to notify the Ministry of Commerce and Industry by registered letter of the manager's name within three months from the date of his appointment.

Without prejudice to the agent or distributor, the manager of the commercial agency shall be held accountable for any actions that may violate the provisions of this law.

Article (12)

Every person having an interest, may obtain from the Ministry of Commerce and Industry extracts of registration statement in the register of commercial agencies; and in the event of non-registration, a certificate is given to him with respect thereto.

Article (13)

All fees payable hereof for the execution of this law will be issued a list by the Minister of Minister of Commerce and Industry.

Article (14)

The agent or distributor, or his representative or his heirs, as well as the agency's manager shall submit an agency registration cancellation request to the Ministry from the register of commercial agencies within three months from the agency's expiration date, regardless of the cause or in the

event of the absence of any of the pre-requisite provisions outlined in **Article (2)** of this law by the agent or distributor. The necessary documents shall be annexed to the request as well as the persons referred to in paragraph (1). Upon the occurrence of any change or amendment to the particulars of agency, and shall submit an endorsement request in the referenced register therein within three months from the date of any such occurrence.

Article (15)

Any person presenting false or fraudulent correspondences or publications relating to the businesses of his commercial agency or publishes with any means of publishing that he is an agent for company, products, materials, commodities, goods or services without a registered agency in the register of commercial agencies, will be punished by a fine not less than five thousands Dinars and not exceeding ten thousand Dinars.

In the event where repetition takes place, he will be subject to a fine at a value not less than ten thousand Dinars and not exceeding twenty thousand dinars.

It may be adjudicated by temporarily closing the location where the violation occurred, for a period that does not exceed three months, or by suspending the permit and permanently shutting down the location wherein the issued notice outlining the verdict to permanently close establishment will be visibly displayed at the establishments' place

Article (16)

Any person that knowingly presents false information relating to the registration of an agency in the register of the commercial agencies, its cancellation, or its amendments, of its respective particulars, to the concerned official authorities, shall be held accountable in accordance with the provisions prescribed in **Article (15)**; the court may in its discretion order to correct the false details as it may deem necessary subject to its conditions and appointments.

Article (17)

Without prejudice to any more severe penalty stipulated in any other law, a person violating the provisions of sections (1) and (2) of Article (10) of this law, shall be liable to pay a fine not less than one thousand Dinars, and not exceeding two thousand Dinars, with his Duty to compensate in accordance with civil liability regulations.

in accordance with **Article (14)** of this law any person in violating of the provisions hereof shall be punished with a fine amounting not less than five hundred Dinars and not exceeding five thousand Dinars.

Article (18)

Officers appointed by virtue of a decision issued by the Minister of Commerce and Industry, shall be granted quasi-judicial power for such purposes, the officer may enter stores and establishments at his discretion, to inspect and review their documents and documents, as well as issue a report minutes of violations of this law by virtue of their positions, without prejudice to the confidentiality of the information thereof.

The executive regulation shall establish the methods and procedures of the respective judicial proceedings.

Article (19)

The Public Prosecution shall be responsible for carrying out investigations, judicial proceedings and prosecution for criminals' acts that violate the provisions of this law.

Article (20)

The Kuwaiti Courts shall be competent and have jurisdiction over any dispute arising out of the application of this law, and it is permitted to agree on resorting to the arbitration when settling the disputes.

Article (21)

The Minister of Commerce and Industry shall issue the executive regulation and the ministerial executive decisions of this law within a period of six months from the date of its publication in the official gazette.

Article (22)

The referenced **Law No. (36) For the year 1964** shall be cancelled.

Article (23)

The Prime Minister and the Ministers - each in his competence - shall execute this law and it shall become valid and effective from the date of its publication in the official gazette.

Amir of Kuwait

Sabah Al-Ahmad Al-Jaber Al-Sabah

Delivered at Al-Seef Palace on: 27 Jammadi the First of the Islamic Calendar for the Year 1437;

Corresponding to: 6 March 2016 AD