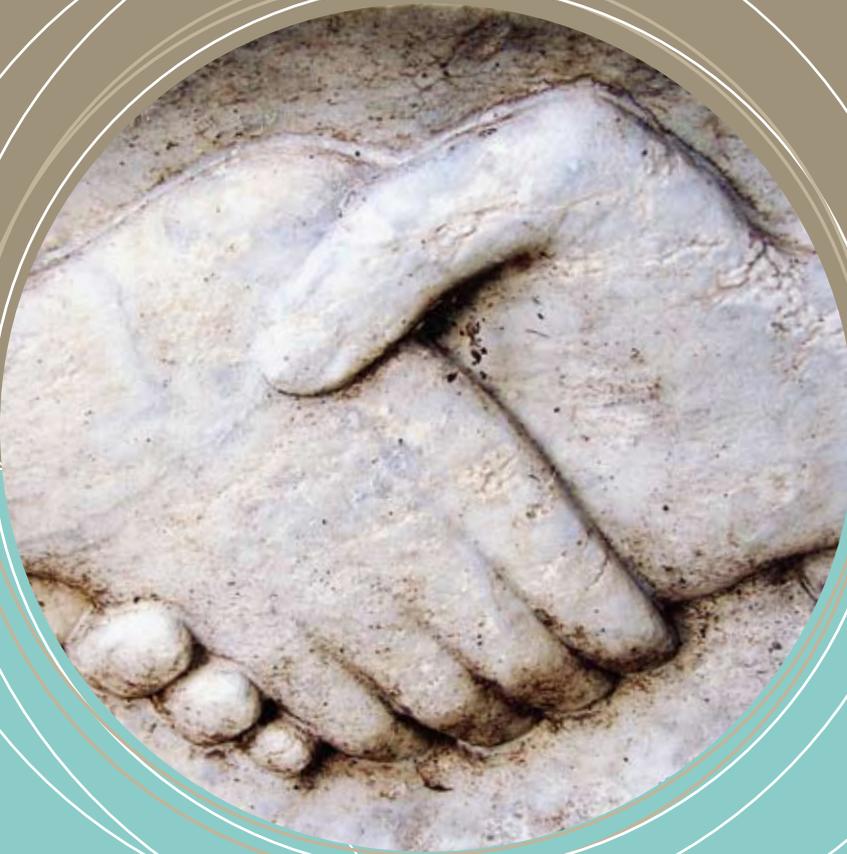




Talal Abu-Ghazaleh Legal

COMMERCIAL AGENCY IN THE SULTANATE OF OMAN





WHAT IS THE DEFINITION OF COMMERCIAL AGENT?

Commercial agencies are governed by the Commercial law which has been issued by the Royal Decree No. 55/90, the Commercial Agencies Law Issued by the Royal Decree No. 26/77 as amended by Royal Decree No. 82/84 and Royal Decree No. 73/96 and the Commercial Register Law issue by the Royal Decree No. 3/74 as amended by the Royal Decree No. 88/86.

According to the Commercial Agencies Law, the commercial agency is defined as: "Any agreement through which a merchant or a commercial company in the Sultanate is assigned to promote or distribute the products or services of a foreign person or entity in consideration for profit or commission"

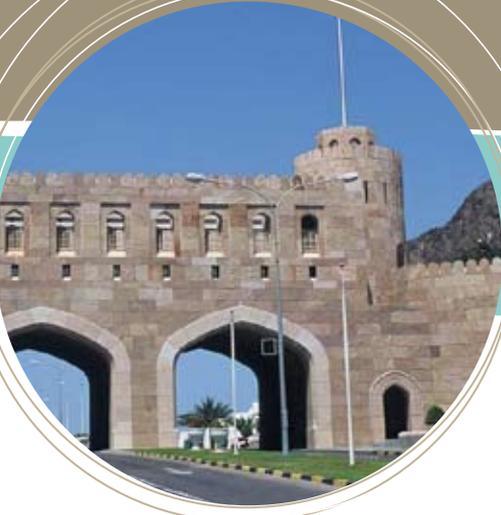
HOW TO REGISTER OF AN AGENCY?

An agency agreement must be registered at the Commercial Agencies register at the Ministry of Commerce and Industry to be enforceable and the Ministry shall issue a certificate to prove the recorder within 15 days as from the date of application.

WHAT ARE THE CLASSES OF AN AGENCY?

There are two kinds of Agency Agreements:

- 1- *Limited term Agencies*: governed by a fixed duration between the parties.
- 2- *Unlimited term Agencies*: doesn't include a fixed period.



HOW TO TERMINATE A COMMERCIAL AGENCY AGREEMENT?

Agency agreements will be terminated on the following cases:

- 1- The agency agreement will be terminated after the expiration of the agreed duration and if the parties don't agree to renew it provided that the principal shall inform the agent three months before the expiration date or otherwise it will be renewed automatically for similar period upon the agreement.
- 2- The agency agreement can be terminated by the Ministry if was discovered that the agreement was registered upon incorrect data.
- 3- The agency agreement will be terminated upon finalizing the agreed object(s) that both parties agreed upon.
- 4- The agency agreement will be terminated upon the agent death.
- 5- The agency agreement will be terminated by the request of one party upon the breach of the other party.

WHAT ARE THE CONSEQUENCES OF TERMINATION?

The agent will have the right to ask for compensation if the principal terminates the agency agreement without cause or breach the agreement by selling by himself or through another agent the same product.



CANCELLATION OF AN AGENCY FROM THE AGENCIES REGISTER

Once the agreement has been terminated, the agent shall ask the Ministry to cancel the registration from their records within one month, or otherwise, the Ministry will do this from their end and will inform the agent accordingly.

WHAT ARE THE DIFFERENCES BETWEEN THE COMMERCIAL AGENCY AND THE DISTRIBUTION AGREEMENT?

There are many differences between both agreements, such as;

As mentioned before the commercial agency refers to the Commercial law, the Commercial Agencies Law and the Commercial Register Law, while the Distribution agreement refers to the general rules in the Civil Law.

In the commercial agency, the agent promote and sell products for the Principal according to direct relationship between both of them organized by the agreement, while in the distribution agreement, the distributor can distribute different kinds of products from different sources under the distributor's name, and the distribution rights can be obtained by the principal or the agent.

- 3- In the commercial agency, the agreement shall organize all the details and shall contain sufficient information about the agent name, nationality, products, term and the territory while this is not mandatory in the distribution agreement.
- 4- The commercial agency shall be registered in the Ministry of Trade and Industry to have legal effect, while there are no registration formalities for the Distribution agreement and will be sufficient to be certified by the notary public.

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