

Guide to the Legal Framework Governing Distribution, Agency, And Franchise Arrangements Across the Region

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Foreign clients often face difficult decisions when deciding to operate their business or sell their products/goods in other territories. It is crucial for clients to have sufficient knowledge of the different options available for selling products, as well as the applicable regulatory requirements, in a new territory. The appointment of a commercial agent is the most common mechanism through which a foreign-based principal enters a new market. Such appointment creates a contractual relationship that often becomes subject to local laws in the respective jurisdiction. Therefore, understanding the extent of the application of the local laws is of paramount importance for foreign-based principals, whether they opt to enter in an agency, distribution or franchise arrangements with a local commercial agent, distributor or a franchisee.

In order to address the most commonly asked local law related queries raised by foreign principals intending to enter the market, we have conducted a Q&A exercise across Al Tamimi & Company offices in the region, namely United Arab Emirates, Bahrain, Iraq, Kuwait, Qatar, Egypt, Oman, and Saudi Arabia ("**Territories**"). The Q&A serves as a guide for our clients on commercial agency related issues. The guide can be found [here](#) which tackles, *inter alia*, the following issues:

- difference in practice between agency, distribution, and franchise arrangements in the Territories;
- the legal framework governing such arrangements;
- the key legal issues that should be considered in the context of such arrangements;
- foreign ownership restrictions;
- registration requirements;
- protections and benefits afforded to the agent or the principal, termination and compensation related issues;
- IP considerations; and
- mandatory governing law and dispute resolution mechanisms etc..

We are confident that this guide is a valuable tool for our clients to evaluate the various options available when entering any of the Territories and the legal considerations associated with these options.

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