

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

**Naief Yahia** - Partner, Head of Litigation - Dubai - Litigation / Construction and Infrastructure  
n.yahia@tamimi.com - Dubai International Financial Centre

**Christine Maksoud** - Senior Associate - Mediation / Private Client Services  
c.maksoud@tamimi.com - Dubai International Financial Centre

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.

## Contributors:

1. Rasha Al Ardah.
2. Nour Al Rayes and Ehsan Ahmed.
3. Haydar Jawad and Aro Omar.
4. Aaron Dikos.
5. Roy Georgiades and Reem Khader.
6. Ehab Taha and Seifeldin Nour.
7. Ahmed Al Barwani and Arif Mawani.

8. Stavros Marcou