

# Licensing requirements and restrictions for pharmacies in the MENA region

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Pharmacies are able to capitalise on the rapidly expanding healthcare sector in the region but require less manpower than typical healthcare establishments. Increases in healthcare services and an aging population in the MENA region inevitably lead to increases in pharmaceutical consumption. This, in turn, increases the demand for pharmacies to fill prescriptions and dispense over the counter medications and treatments.

While pharmacies typically operate on low-margins, where medicine prices are sometimes fixed by government price controls, they are high volume businesses. This article explores some of the basic requirements and restrictions imposed under relevant local law in relation to pharmacies operating in Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Qatar, and Saudi Arabia.

## Bahrain

- Name of commercial registrar: Ministry of Industry and Commerce
- Name of healthcare regulatory authority: National Health Regulatory Authority
- Local ownership restriction: The Pharmaceuticals Law of Bahrain No (18) of 1997 (as amended by the Decree No (20) of 2015) provides that only Bahraini citizens (ie: Bahraini, GCC or American nationals) or Bahraini companies wholly owned by Bahraini citizens are permitted to own a pharmacy in Bahrain.
- Licensing requirements: Under Bahraini law, the applicant for the pharmaceutical license must: 1) be a Bahraini citizen, as defined above; and 2) have no previous criminal convictions in relation to honesty and integrity, unless discharged from such conviction/ granted amnesty. While the owners are not required to be pharmacists, it is required that a pharmacist, who is licensed to practise the pharmaceutical profession in Bahrain, is assigned to manage the pharmacy.
- Restriction on the number of licences held by one holder: Under the Pharmaceuticals Law of Bahrain, one person (natural or corporate) can hold a maximum of five pharmaceutical licences.
- Practical considerations: In certain instances, the National Health Regulatory Authority will waive the licence ownership restrictions and allow an additional pharmacy to be set up by the same person in an area where there are no other pharmacies within five square kilometres (km<sup>2</sup>).

## Egypt

- Name of commercial registrar: Commercial Registry Office.
- Name of healthcare regulatory authority: Ministry of Health and Population, particularly, the Central Administration for Pharmaceutical Affairs. A pharmacy must also be registered with the Pharmacist Syndicate.
- Local ownership restriction: The pharmacy licence must be 100% held by a pharmacist of Egyptian nationality or of a nationality that allows Egyptians to practice pharmacy in its territory. Further, a pharmacy may not be owned by a corporate entity.

- **Licensing requirements:** According to Pharmacy Practice Law No. 127 year 1955, the applicant for a pharmacy licence must be an Egyptian national who is a pharmacist or a pharmacist from a country that allows Egyptians to practice pharmacy in its territory. The licence for the pharmacy will be issued in the name of the applicant. However, a pharmacy licence may be inherited by the pharmacist's descendants to be managed for their benefit for ten (10) years. After the lapse of the ten (10) years period, the pharmacy must be closed.
- **Restriction On The Number Of Licences Held By One Holder:** Under Egyptian law, one pharmacist cannot hold more than two pharmacy licences.
- **Practical Considerations:** In practice, there are certain structures that may be utilized to allow corporate entities to achieve the business objectives of pharmacy ownership. However, there are instances of law suits filed by the Pharmacists Syndicate against companies that indirectly own pharmacies in Egypt. Nevertheless, companies in Egypt still indirectly own pharmacies using certain structures and arrangements.

### **Iraq (Excluding Kurdistan Region)**

- **Name of commercial registrar:** The commercial registration for pharmacies incorporated with a corporate owner(s) is maintained by the Ministry of Trade, Registrar of Companies. Otherwise, for pharmacies owned by individual(s), only a licence will be obtained from the Syndicate of Iraqi Pharmacists.
- **Name of healthcare regulatory authority:** Syndicate of Iraqi Pharmacists, under the Ministry of Health.
- **Local ownership restriction:** Under the Practicing Pharmacy Profession Law No. 40 of 1970, a pharmacy is required to have 100% of its shares owned by an Iraqi national licensed pharmacist(s). Further, it is prohibited to share the profit or capital with anyone who is not an Iraqi national licensed pharmacist.
- **Licensing requirements:** A license to operate a pharmacy can only be successfully applied for by an Iraqi national licensed as a pharmacist(s) by the Syndicate of Iraqi Pharmacists.
- **Restriction on the number of licences held by one holder:** According to Iraqi law, an individual pharmacist owner may not hold more than one license for a pharmacy. On the other hand, a corporate owner may obtain separate licences for each pharmacy under one pharmacist's name.

### **Jordan**

- **Name of commercial registrar:** Jordan Food and Drug Administration
- **Name of healthcare regulatory authority:** Ministry of Health
- **Local ownership restriction:** In Jordan, under Regulation 54 of 2000, pharmacies are required to have at least 50% of the shares owned by Jordanian partner(s).
- **Licensing requirements:** All the partners must be individuals and must be pharmacists, under Drug and Pharmacy Law No 13 of 2013 ("Pharmacy Law"). A pharmacist is required to hold a pharmacy degree from an accredited university in Jordan, be registered in the pharmacist's registrar with the Pharmacist's Bar Association in Jordan, and be licensed to practice pharmacy activities by the Ministry of Health in Jordan.
- **Restriction on the number of licences held by one holder:** Jordanian law prohibits an individual pharmacist from wholly owning more than one pharmacy. A company, however, is allowed to own one or more pharmacies, provided that: (i) all shareholders in such companies are licensed pharmacists in Jordan; (ii) the number of pharmacies owned by a company does not, at any time, exceed the number of shareholders in that company (i.e. a company owned by three pharmacists can own no more than three pharmacies); and (iii) the shareholding of any pharmacist in a company must not be less than 2.5%, or more than 30%, of the capital of the pharmacy.
- **Practical Considerations:** Despite the legal requirement, that the shareholding of any pharmacist in a company must not be less than 2.5%, we are not aware of any instances whereby the Jordanian authorities have imposed a penalty or taken adverse action against pharmacies who do not meet the shareholding minimum requirement, and were established prior to the Pharmacy Law.

### **Kuwait**

- Name of commercial registrar: Ministry of Commerce and Industry
- Name of healthcare regulatory authority: Ministry of Health
- Local ownership restriction: Under Law 28 of 1996, only Kuwait nationals holding a pharmacy licence issued by the Ministry of Health may own, operate and manage a pharmacy. Thus 100% Kuwaiti ownership is required; no foreign person or corporate entity may have shares in the pharmacy in Kuwait.
- Licensing requirements: A pharmacist may not obtain more than one license, and thus a pharmacist may only own one pharmacy. Furthermore, the law prohibits anyone other than a pharmacist, medicine factories or agents of medicines factories from warehousing medicines for resale.
- Restriction on the number of licences held by one holder: A pharmacist may hold only one pharmacy licence and may then operate or manage only one pharmacy in Kuwait.
- Practical Considerations: In practice, corporate entities do hold investments in various pharmacies in Kuwait.

## **Oman**

- Name of commercial registrar: Ministry of Commerce and Industry
- Name of healthcare regulatory authority: Ministry of Health
- Local ownership restriction: Under Royal Decree No 4/1974, the Commercial Companies Law, Royal Decree No 102/94 (as amended), at least 30% of the shares of a pharmacy must be owned by Omani nationals or corporate entities wholly owned by Omani's. Up to 70% thereof may be owned by non-Omani natural/legal persons. If the pharmacy is to be owned by American persons, up to 100% of the shares in the pharmacy can be owned by the American shareholders.
- Licensing requirements: The Omani national or the local corporate entity with the right to conduct business in Oman, will be the licence applicant.
- Restriction on the number of licences held by one holder: Under Omani law, there are generally no restrictions on the number of pharmacy licences held by the same license holder.

## **Qatar**

- Name of commercial registrar: Ministry of Economy and Commerce
- Name of healthcare regulatory authority: Supreme Council of Health ("SCH")
- Local ownership restriction: Qatari law (Commercial Companies Law No 11 of 2015 and the Commercial Registry Law No 25 of 2005 as amended by Commercial Registry Law No 20 of 2014 and Regulating the Investment of Non—Qatari capital in Economic Activity Law No 13 of 2000) requires that at least 51% of the shares in a pharmacy are owned by a Qatari partner (individual or corporate), unless a higher shareholding percentage by a foreign partner has been permitted under a special Ministerial decree.
- Licensing requirements: The pharmacy license applicant, if individual, must be a Qatari national, not less than 21 years old. Under the law, where the applicant is a company, however, all partners must be of Qatari nationality.
- Restriction on the number of licences held by one holder: In Qatar, there are no restrictions on the number of the pharmacy licences held by the same owner.
- Practical considerations: Even if a pharmacy has some foreign shareholders, under the SHC licence, the only party that the SHC will name on the licence is the Qatari shareholder. Further, in practice, the SCH grants pharmaceutical licences to companies where there are foreign shareholders provided that the majority of the shareholders are Qataris. When applying for a pharmacy licence, the SCH may also impose applicant-specific requirements that the applicant is required to comply with.

## **Saudi Arabia**

- Name of commercial registrar: Ministry of Commerce and Industry
- Name of healthcare regulatory authority: Ministry of Health and Saudi Food and Drugs Authority
- Local ownership restriction: Under the KSA Pharmaceutical Establishments and Products Law No M/3 of 18/07/2004, only Saudi nationals or 100% Saudi owned companies can own a pharmacy, thus 100% Saudi ownership is required.

- Licensing requirements: The applicant for a licence to operate a pharmacy must be Saudi. Further, either the owner or a co-owner must be a Saudi licensed pharmacist. The manager must also be a licensed Saudi pharmacist.
- Restriction on the number of licences held by one holder: Under Saudi law, no person can hold a licence for more than 30 pharmacies. If one of the owners is not a pharmacist (for example, a Saudi company) then the entity is limited to a maximum of five pharmacies.
- Practical considerations: The condition that the owner or a co-owner must be a Saudi pharmacist may be waived if the pharmacy is to operate in a remote part of Saudi Arabia or if Saudi Arabia has a shortage of licensed pharmacists.

## **United Arab Emirates**

- Name of commercial registrar: Department of Economic Development
- Name of healthcare regulatory authority: For pharmacies, approvals will need to be granted by the relevant healthcare ministry of the Emirate in which the Pharmacy is to be established: Dubai Healthcare Authority; Healthcare Authority Abu Dhabi; and the Ministry of Health.
- Local ownership restriction: Local ownership restrictions require that there be a UAE national ownership of at least 51% of the shares of the company. UAE and other GCC nationals may own 100% of the shares of a pharmacy under the UAE Commercial Companies Law No 2 of 2015.
- Licensing requirements: In practice, UAE health authorities generally issue the health license of a pharmacy in the name of the individual(s) local partner(s) in the concerned company or to list the said partner(s) as “owner” or “holder” of the license. In other words, the local partner(s) is listed as the “owner” and the legal ownership of the other foreign partner(s) in the concerned company is disregarded for the purposes of the health licence. However, this practice is not applied across the board consistently by the various health authorities.
- Restriction on the number of licences held by one holder: Strictly speaking, under UAE law, one person may be licensed to operate up to two pharmacies only. In some instances, an exemption is sought and a “chain” license is obtained.
- Practical considerations: In practice, some health authorities, such as those in Abu Dhabi, are very strict in the enforcement of the restrictions on the number of licences held by one holder. However, the health authorities in other Emirates are more flexible on this issue and disregard this provision, granting more than one pharmacy licence to the same person.

## **Conclusion**

When planning for and establishing a pharmacy, it is important to note the ownership restrictions to avoid sanctions for violations. In most jurisdictions, a case can be made for exceeding the number of licences held by one person, however, it is more difficult to receive an exception to the local ownership restrictions. As the legal requirements and conditions can differ from practice, it is important to thoroughly assess options that might be available to your business even though, at the outset, there are many structuring and licensing challenges. The legal framework can be restrictive but options for solutions that meet commercial business objectives and also achieve legal compliance are available.

As Dr. Napoleon Hill once said, “Whatever the mind can conceive and believe, the mind can achieve.”