

The New UAE Commercial Agencies Law

Update

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The longstanding UAE Commercial Agency Law (Federal Law No. 18 of 1981 Regulating Commercial Agencies, as amended) (the “**Current Law**”) is set to be replaced by the newly issued UAE Commercial Agency Law (Federal Law No. 3 of 2022 Regulating Commercial Agencies) (the “**New Law**”) which is due to come into force in June 2023.

The New Law brings about several material changes to the Current Law that go some way to re-balancing the relationship between a principal and its commercial agent. That said, these changes do not automatically apply to existing agency agreements, given the timeframes for the application of the New Law to the same- as more particularly set out in this client alert.

The following is a non-exhaustive list of certain key changes implemented under the New Law. Accordingly, we note as follows:

Whilst the changes brought about under the New Law do give rise to a significant modernisation of the laws governing the appointment of agents in the UAE, particularly the market for new entrants into the UAE wishing to appoint agents post issuance of the New Law, the existence of Article 30(2) means that for the majority of significant longstanding agency relationships in the UAE (which covers a significant number of important economic sectors) it is very much a case of maintaining the status quo.

Going forward, we await publication of the New Law’s Executive Regulations which will likely clarify several points. Consequently, once published, we will report on the impact of the same.

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