

**In the Name of the People
Presidency of the Republic**

Resolution No. (36)

According to what has been decided by the Parliament pursuant to the provisions of Article 61 section 1 and Article 73 section 3 of the Constitution.

The President of the Republic has decided on 1/11/2017 the issue of the following law:

No. (79) of 2017

Law Regulating Commercial Agency

Article (1): For the purposes of this Law, the following terms shall have the meaning stated beside each one of them:

1. Minister: Minister of Trade.
2. Registrar: Registrar of Companies.
3. Commercial Agency: a contract whereby a natural or juristic person is appointed to sell or distribute goods, products or provide services in Iraq in the capacity of an agent or a distributor, or franchisee acting on behalf of a principal outside Iraq against a profit or commission, and who assumes after-sale services, maintenance works and the supply of spare parts for products and goods marketed by that agent.
4. Commercial Agent: an Iraqi natural person or corporate entity that is assuming any of the commercial agency's works.
5. Principal: the foreign natural person or corporate entity from outside Iraq the commercial agent is working for his interest.
6. License: the license issued by the Registrar to the commercial agent.

Article (2): This Law aims at:

First: Regulating the commercial agency works.

Second: Regulating the transactions of the state departments and public, mixed and private sectors with foreign natural persons or legal persons in a manner that achieves the objectives of development, prevents exploitations and illegitimate intermediaries, and insures the interests of the national economy

Article (3): The objectives of this Law can be realized through the following methods:

First: A license should be obtained for practicing the commercial agency operations.

Second: The commercial agency must be recorded in a special register pursuant to the provisions of this Law.

Third: Monitoring the commercial agents activities.

Article (4): First: The applicant for a license should satisfy the following conditions:

A. Must have the Iraqi nationality.

B. Enjoying full legal competence.

C. Not convicted with a crime or misdemeanor concerning the breach of honor.

D. Should have a commercial office in Iraq for practicing his work.

E. Must be a member to any of the Chambers of Commerce in Iraq, and should have a trade name.

F. Must not be working for the public sector or assigned to provide a public service.

G. Should have at least one legally-attested commercial agency contract.

Second: if the applicant for a license was a company, it is stipulated – in addition to the conditions mentioned under Paragraphs (D), (E), (F) of Item (First) of this Article – this company must be an Iraqi company and its capital should be owned by Iraqi citizens (100%) one hundred percent, which authorized manager should satisfy the same conditions stipulated under Paragraphs (A), (B), (C) and (D) of Item (First) of this Article.

Article (5): First – the applicant for a license should submit his application to the Companies Registrar accompanied by documents proving the compliance with the conditions stipulated under Article (4) of this Law.

Second – A) The Registrar shall take his decision in the application for a license within (10) ten working days from the date of submitting the application to his office. After the expiry of the above period, the application that has satisfied the conditions stipulated by this Law shall be deemed acceptable. In case the application was rejected explicitly, the decision prescribing the rejection of application should be supported by justified reasons.

B) The decision prescribing the rejection of the registration application can be complained from before the Minister within a period of (30) days from the next day of notifying the applicant of the rejection of his application.

C) The Minister shall take his decision over this complaint within (10) ten working days from the date of submitting the complaint to his office. After the expiry of the above period, the complaint shall be deemed dismissible. However, the Minister's decision in rejecting the application issued explicitly or implied can be challengeable before the Administrative Judicial Court.

Third – The Registrar shall issue the license after verifying that the conditions of it are satisfied according to the form prepared for this purpose, after settling the due legal fees.

Article (6): The commercial agent shall be bound to submit an application for the renewal of his license annually within the first (60) sixty days of the beginning of the year, regardless of the date of issuing the license or its last renewal date.

Article (7): First – the license of the commercial agent shall be cancelled in any of the following cases:

- A) If any of the conditions stipulated under Article (4) of this Law has not be satisfied.
- B) The cancellation of the registration of the unique commercial agency contract that is registered in the agent's name for any of the reasons stipulated under Article (8) of this Law, and if no no commercial agency was presented within (180) one hundred and eighty days from the date of such cancellation.
- C) If the commercial agent failed to renew the license after the expiry of the period stipulated under Article (6) of this Law.

Second – The decision of cancelling the license can be complaint from before the Minister within (30) days from the next day of notifying the holder of the license of the cancellation decision.

Third – The Minister shall take his decision in the complaint within (10) ten working days from the date of submitting the complaint to his office. After the expiry of the above period, the complaint shall be deemed dismissible. While the Minister's decision in rejecting the

application, whether explicitly or implied, can be challengeable before the Administrative Judicial Court.

Article (8): The registration of the commercial agency contract shall be deemed cancelled in any of the following cases:

First – if it has been revealed that the registration of the commercial agency contract was based on incorrect data or documents.

Second – if the commercial agent or Principal requested the cancellation of contract, provided such cancellation shall not for the purpose of inflicting damage to the interest of any of both parties.

Third – if it has been found that the foreign company (principal) has breached its obligations towards Iraq, and was enrolled in the blacklist.

Fourth – if (90) ninety days passed from the date of notifying the commercial agent by the Registrar of the expiry of contract period.

Fifth – if the license of the commercial agent was cancelled without getting a new license within (180) one hundred and eighty days from the date of its cancellation.

Article (9): First – the Registrar may decide the illegality of any commercial activity assumed by the natural person or corporate entity in Iraq based on legal evidences in respect of the commercial agency that are subjected to the provisions of this Law, according to a statement published in one daily newspaper[and in the newsletter].

Second – Any stakeholder may express his objection over the Registrar's decision stipulated under Item (First) of this Article within (15) fifteen days from the last publication date.

Third – The Registrar shall take his decision over this objection within (10) ten days from the date of submitting this objection to his office, whose decision must be based on justified reasons. After the expiry of the above period, the objection shall be deemed dismissible.

Fourth – the Registrar's decision for rejecting the objection can be challengeable before the Administrative Judicial Court.

Article (10): The agent shall apply to the Registrar for registering all his commercial agencies in respect of the natural persons and foreign corporate entities after attesting those agencies according to law.

Article (11): First – the agent should hold a special book free from any cross-out, deletion, scratch, insertion or vacant spaces as prescribed in the procedures of commercial bookkeeping for recording in it the amount of profit or commission due to the agent, and the amount transferred to Iraq through the authorized authorities, and the percentage of those amount to the value of the concluded transactions, in addition to the commercial transactions made for the agent's principal.

Second – the book stipulated under Item (First) of this Article shall be submitted by the agent to the Companies Register Department – Commercial Agencies Section – upon holding it for confirming its pages serial numbers, and the seal should be affixed on each page at the end of the year for attesting the used pages before the end of the year, as well as for marking its closure on the last page, in order to be submitted to the General Taxation Authority at the end of every financial year.

Article (12):The commercial agent may not deal in the legally-prohibited materials and commodities.

Article (13):The entry of goods, merchandise, or products, or the rendering of services, of foreign companies shall be prohibited by the Registrar - the State Company for Iraqi Fairs and Commercial Services, and the Ministry of Finance - the General Authority for Customs, for the purpose of trading, except through its authorized commercial agent for such goods or services, in whose name a commercial agency agreement is registered for that company, within the agent's area of jurisdiction in Iraq.

Article (14):It is stipulated in the agency contract presented by the commercial agent that such contracts should for companies producing or manufacturing of those commodities and services, or through the original company belonging to the producing of manufacturing company of commodities or providing services that is officially authorized to grant subsidiary agencies in Iraq. The conditions of registering the commercial agency contract shall be determined according to instructions issued by the Minister.

Article (15):The Registrar may exercise control and supervision over the agent's operations, and may delegate a representative for auditing the agent's records.

Article (16):The agency contract submitted to the Registrar shall be deemed the official contract between parties that is approved by the official authorities and courts.

Article (17):The following fees shall be collected from the commercial agent:

First – I.D. (500,000) five hundred thousand Iraqi dinar for the issued of license.

Second – I.D. (250,000) two hundred and fifty thousand Iraqi dinar for the renewal of license.

Third – I.D. (500,000) five hundred thousand Iraqi dinar for registering the commercial agency contract.

Article (18): First – the fine of I.D. (15,000,000) fifteen million Iraqi dinar shall be imposed on any party assuming the commercial agency operations without getting a license or failed to register al his agencies.

Second – the fine of I.D. (5,000,000) five million Iraqi dinar shall be imposed on any agent operated contrary to the provisions of Article (11) of this Law.

Third – the punishment with imprisonment for a period no less than three years shall be imposed on any official employee or anyone in charge of a public service who is practicing the commercial agency operations on purpose.

Article (19): The licensed commercial agent should readjust his situations pursuant to the provisions of this Law within one year from the date of putting this Law into effect. Otherwise, the agent's license shall be deemed cancelled.

Article (20): The Principal shall not terminate the Commercial Agency contract or not renew it unless there is a reason that justifies the termination or non-renewal of it. The Commercial Agency may be terminated by mutual agreement between the two parties or by an agreement made between them that determines the arbitration procedures, its location and the applicable law.

Article (21):The authorized medical promotion scientific offices are legally exempted from the provisions of this Law.

Article (22):The Law Regulating Commercial Agency No. 51 of 2000 shall be deemed to be repealed, while the instructions issued according to the above Law shall remain valid in a way no contradicting with the provisions of this Law until any new legislations are issued to substitute or supersede such instructions.

Article (23):The Minister shall issue instructions to facilitate the enforcement of the provisions of this Law.

Article (24):This Law shall be put into effect from the date of publishing it in the official gazette.

Fuad Ma'soum
President of the Republic

Motivating Reasons

This Law was legislated to regulate commercial agency business, to keep pace with the economic development, and to ensure the rights of Iraqi agents and allow them to deal with both public and private sectors and not be restricted to a limited numbers of commercial agencies.”