

Ministerial Resolution No. (1003) Dated 21/9/1416H (corresponding to 11/2/1996) Concerning the Issuance of the Implementing Regulation of the Law of Commercial Register

THE MINISTER OF COMMERCE,

Upon the authorities assigned thereto,

After reviewing the Law of Commercial Register issued by the Royal Decree No. (M/1) dated 21/2/1416H (corresponding to 19/7/1995),

And upon the requirements of public interest,

HEREBY DECREES THE FOLLOWING:

Article 1: The Implementing Regulation of the Law of Commercial Register shall be issued with the attached form.

Article 2: This Resolution shall be issued in the Official Gazette and shall come into force as from the date of publication.

Minister of Commerce

Osama bin Ja'far Faqih

Implementing Regulations

Article 1

The jurisdiction scope of the commercial register offices shall be determined in accordance with the annex no. (1) attached with this implementing regulation upon a decision issued by the Minister of Commerce stipulating the establishment of other offices and amendment of the jurisdiction scope of the existing offices.

Article 2

The Ministry of Commerce shall prepare a record in each commercial register office to register the merchants and companies entered in the jurisdiction scope of each office. The registries may vary according to the number of cities entered in the jurisdiction scope of the office; given that the pages of the registries shall be numbered by serial numbers. Each page shall have a unique symbol and the facilities, in accordance with their statutory form, shall have a distinguished symbol. The Ministry of Commerce shall have the right to use the computer in the registration process without prejudice to the provisions mentioned in the previous paragraph.

Article 3

The registration, amendment and deregistration applications mentioned in the Law of Commercial Register, shall be written on the forms prepared for this purpose. Each application must be enclosed with the supportive documents and it must be written in a clear way. Also, such applications must be submitted only by the persons determined by the Law of Commercial Register. The assigned persons shall have the right to delegate others to submit such applications on their behalf upon a private or general power of attorney, in which the right of the proxy to submit the above-mentioned applications shall be clearly mentioned.

The original document or a photo-copy of the power of attorney must be enclosed with the original application in the commercial register office.

Article 4

The officials in charge of managing the branches and the foreign companies' offices licensed to be inaugurated in the Kingdom, must enclose with the registration application of the branch or the office, a photo-copy of the decision licensing the

inauguration of the office or the branch as well as a photo-copy of the documents supporting the establishment of the company; given that, such a photo-copy must be ratified by the concerned bodies and it must be available along with a certified Arabic translation. The registration application must include the data provided for in the Article 3 of the Law of Commercial Register as well as enough information about the branch and the office. The registration application must include particularly the following:

The trade name, address, activity, as well as the inauguration date, and the name and authorities of the director of the branch or the office.

Article 5:

The data provided for in the articles (2) and (3) of the Law of Commercial Register must be mentioned in the registration applications of the individual enterprises and companies as well as their subsidiaries. Such applications must mention the powers assigned to the director in the field of management or his signature, particularly, the dealings and contracts, as well as the authorities of the director or the persons having the right of signature, whether in terms of the kind or value. The applications must also illustrate the prohibited actions for them, if any.

Article 6

All the applications referred to in the previous articles must be submitted to the competent employee at the commercial register office. The employee must make sure of the availability of the conditions mentioned in the Law of Commercial Register in each application. Then, the employee shall write the date of the application receipt on the application form and record the approval of the applications meeting the conditions or record the refusal of the other applications; given that the employee must mention the reasons of his refusal and sign the application. In each case, the employee must keep the original application at the competent commercial register office.

Article 7

The commercial register offices must record the data of the approved applications in a register prepared for this purpose and issue a certificate in this regard, enclosing a

photocopy therewith; given that the original certificate shall be submitted to the concerned person while the photocopy shall be kept at the commercial register office.

Article 8

In case of writing data other than those provided for in the register, the new data shall be written depending on the application submitted by the concerned person and a registration certificate shall be issued, including the modified data.

Article 9

After approving the registration or amendment application, the fees due from the concerned person shall be collected after editing the payment receipt in a form prepared for this purpose; given that the payment receipt shall be made up of three photo-copies with a single serial number. The concerned person shall be provided with two photo-copies in order to enclose one of them with the application. The commercial register offices shall write the number of the payment receipt in the registration certificate. The period upon which the fees are due shall be deemed as the period of validity of the certificate.

Article 10

The competent commercial register office shall issue a certificate of deregistration made up of an original and a photo-copy, in accordance with the form prepared for this purpose. The commercial register office must mention the date and reason of deregistration in the certificate. The original certificate shall be submitted to the concerned person, while the photo-copy shall be kept in the commercial register office.

Article 11

The commercial register offices must mention the judgments and orders mentioned in the Article 10 of the Law of Commercial Register as well as any other penalty sustained by one of those registered in the commercial register, on the page of this person. The commercial register office shall also provide a summary of such judgments and orders as well as violations, the magnitude of penalty, the date of

issuing the decision, the date of informing the violator of the decision, and the date of filing the complaint, if any. Besides, the office shall provide the number, date, and summary of the decision issued by the Minister of Commerce in this regard and the date of executing the penalty.

The commercial register offices must keep the mentioned judgments and orders in the file of the merchant.

Article 12

If the commercial register office fails to mail the merchant or the company on the address mentioned in the commercial register, the notice, provided for in the second paragraph of the Article (7) of the Law of Commercial Register and sent to the mentioned address, shall be considered valid and having all its statutory effects against the merchant and the company. The commercial register office shall have the right to strike off the registration after verification of the cause of deregistration, and the lapse of the period specified for submitting the documents that refute the cause of deregistration.

Article 13

The employees, appointed by a decision issued by the Minister of Commerce, shall be responsible for recording the violations of the Law of Commercial Register as well as its implementing regulations and bylaws.

Article 14

In their pursuit of performing their duties, and after showing their IDs and mentioning the reason of their visit, the employees, referred to in the previous Article, shall have the right to have a look at the books, records, and papers and inquire about the required data. The employees shall also have the right to enter the shops, stores, and warehouses and perform inspection, if required, after obtaining the permission of the Head of the Commercial Register Office in Riyadh or the directors of branches in the other regions, each within the scope of his competences. To achieve this purpose, the owner or the person in charge of the store must provide the employee with all possible facilities.

Article 15

If the investigation disclosed the occurrence of a violation against the provisions of the Law of Commercial Register or against its implementing regulation or bylaws, the competent employee shall have the right to reserve the papers, file a report on the incident, investigate such an incident, and submit the matter to the Head of the Commercial Register Office in Riyadh or to the directors of branches in the other regions, each within the scope of his competences, to refer the papers to the competent committee in accordance with the text of the Article (16) of the Law of Commercial Register.

Article 16

If the shop is not registered, though its capital amounts to SR 100 thousand, the employee shall have the right to file a report on the incident, and count the contents and assets of the shop, store and warehouse. The report must be signed by both the employee and the owner of the shop or his representative, and then the record shall be submitted to the committee formed in accordance with the text of the Article (16) of the Law of Commercial Register. The committee may seek the help of the experienced persons when estimating the capital of the shop, and in doing so, the committee may have a look at the financial statements prepared by the merchant on his commercial activity as well as the data provided in the books. Also, the committee may ask the Department of Zakat and Income Tax about the capital of the merchant.

Article 17

When performing the above mentioned measures, the competent employee shall be bound by the rules of good behavior and morals and public ethics when recording the violations. The employee shall not be authorized to visit the shop for recording violations at times other than the shop regular working-hours.

Article 18

The Resolution No. (151) dated 17/8/1403H (corresponding to 30/5/1983) issued by the Minister of Commerce shall continue to be affective, as long as it is consistent with the provisions of the Law of Commercial Register and its Implementing

Regulation. The other resolutions and directives inconsistent with this Law and its Implementing Regulation shall be abolished.

Ministerial Resolution No. (151) Dated 17/8/1403H (corresponding to 30/5/1983)

Concerning the Development of the Registration Procedures in the Commercial Register

THE MINISTER OF COMMERCE,

Upon the authorities assigned thereto,

Upon the Resolution No. (66) dated 6/4/1374H (corresponding to 2/12/1954) issued by the Council of Ministers of Saudi Arabia,

After reviewing the minutes of the committee formed to study the method of operation in the commercial register and the possibility of developing the procedures of registration in a manner conforming to the provisions of the Law of Commercial Register,

After reviewing the provisions of the Article (22) of the Law of Commercial Register issued by the Royal Order No. 21/1/4470 dated 9/11/1375H (corresponding to 18/6/1956),

After reviewing the provisions of the Articles (1, 2, 3, 11 and 12) of the Implementing Regulation of the Law of Commercial Register,

And upon the requirements of business interest,

HEREBY DECREES THE FOLLOWING:

- 1- Without prejudice to Articles (2, 3, and 4) of the Law of Commercial Register issued by the Royal Order No. 21/1/4470 dated 9/11/1375H (corresponding to 18/6/1956) as well as the Articles (3, 4, and 6) of the Implementing Regulation of the Law of Commercial Register, it is not allowed for the merchant or the company to have more than one main office. The competent employees at the commercial register offices may approve the registration applications of the main offices only after verifying that the applicant has not registered a main office in any region all over the Kingdom.
- 2- The commercial register offices must count the number of the main offices of the merchants and companies recorded in the commercial register and refrain from registering more than one shop for each merchant or company all over the Kingdom. In case of multiplicity of the registered shops, without mentioning that the other shops are subsidiaries to the main shop even if their

activities are different and whether this shop is bearing the name of an enterprise, office, shop, exhibition, or others, the competent employee at the commercial register office must inform the merchant or the company of the necessity of changing the name of his shops and proving that these shops are subsidiaries to the main shop.

When determining the trade name, it is preferable to choose a name identical to the name of the merchant, whenever possible, and then the amendment procedures can be completed in accordance with the provisions of the Article (6) of the Law of Commercial Register.

- 3- The commercial register offices must issue for the merchants and companies, the registration certificate of the main offices whose data was formerly entered in the commercial register and which are within the jurisdiction scope of the mentioned offices in accordance with the two attached forms.

This certificate must be numbered by the enrollment numbers of the registration applications as mentioned in the commercial register and it must include the postal code of the main office in accordance with the available data. The offices must also issue for the merchants and companies, the registration certificate of branches whose data was formerly entered in the commercial register and which are within the jurisdiction scope of the mentioned offices in accordance with the two attached forms.

This certificate must be numbered by the enrollment numbers of the registration applications of branches as mentioned in the commercial register without adding the postal codes. This procedure must come into force as from the date of 1/1/1404H (corresponding to 8/10/1983).

- 4- The forms of the registration applications of merchants and companies as well as the forms of the amendment and deregistration applications attached, shall be substitute for the currently applied forms as from the date of 1/1/1404H (corresponding to 8/10/1983).
- 5- Any merchant or company, whose business requires the inauguration of another branch in any region all over the Kingdom, must submit the registration application to the commercial register office, where the main office is registered.

The competent employee at the commercial register office shall review the application, acquire the required information, write the registration application of the branch, add the data thereof to the page of the main office, and then record the application in the commercial register if the main office of the branch is within the jurisdiction scope of the commercial register office, but if the main office of the branch is out of the jurisdiction scope of the commercial register office, the registration application of the branch, after meeting the conditions, approving the application, signing and filling in the certificate, shall be submitted to the commercial register office, in whose jurisdiction scope the branch lies, in order to register the branch data in the commercial register, write the enrollment number of the branch on the registration certificate and deliver the certificate to the merchant.

- 6- The international classification of the commercial activity and the shop capacity of performing its specified activities must be taken into considerations when registering the activities of the shops in the commercial register; given that, the registered activities shall be classified in accordance with the attached statement.
- 7- The commercial register offices must count the number of the registered shops whose activities include non-commercial acts such as the non-commercial crafts and services provided for in the Announcement No. 221/4968 dated 29/12/1401H (corresponding to 28/10/1981) issued by the Ministry of Commerce and Industry. Also, the offices must inform the shops owners of the amendment or deregistration application. If the concerned persons delay to respond to the amendment or deregistration application for a period exceeding 1 month as from the date of informing them, the matter shall be submitted to the MCI to issue the required decision.
- 8- The competent employees at the commercial register offices must not register the unspecified commercial activities, such as the general and various trades, as well as the trade of foods, consumables, accessories, gifts, tenders, and general contracting. The commercial register offices must count the number of the shops whose registered activities include general acts and inform the shops owners of the amendment or deregistration application. If the concerned persons delay to respond to the amendment or deregistration

application for a period exceeding 1 month as from the date of informing them, the matter shall be submitted to the MCI to issue the required decision.

9- If a merchant or a company wishes to inaugurate a shop for practicing the importation or exportation activities, or for conducting the activities of supplying, contracting, or selling, buying and renting the estates, or the other commercial services activities, the merchant or the company must submit an application in this regard to the commercial register office, where the main office is registered, in order to register the office as a services office. The merchant shall have the right to use this office as a main office or as a subsidiary to the main office. The commercial register offices must count the number of the shops whose activities include any of the afore-mentioned activities and inform the shops owners of the necessity of amending their data accordingly. If the concerned persons delay to respond to the amendment or deregistration application for a period exceeding 1 month as from the date of informing them, the matter shall be submitted to the MCI to issue the required decision.

10- This Resolution shall be published in the Official Gazette, and the concerned bodies must put it into effect.

Minister of Commerce