

# *lex arabiae*

## *Legal News of the Gulf*

**Vol. XIX – 1<sup>st</sup> Issue**

**January 2015**

### **Meyer-Reumann & Partners**

P.O. Box 9353

**Dubai, U.A.E.**

Tel: 00971-4-331 7110

Fax: 00971-4-331 3832

dubai@meyer-reumann.com

www.meyer-reumann.com

**With offices in Dubai +  
Abu Dhabi + Alexandria +  
Baghdad + Cairo + Erbil +  
Muscat + Riyadh + Tehran**

Though we constantly and carefully review and update the legal news and facts published in *lex arabiae*, the publisher/authors do not accept any legal liability for its contents, and the detailed facts cannot replace a thorough individual legal consultancy.

Publisher and copyrights©: Meyer-Reumann & Partners, Dubai. All rights reserved. Any kind of reproduction is subject to the publisher's prior permission.

### *Inside this Issue*

#### *United Arab Emirates*

##### **Agency Agreements and How to Deal with Them**

*Dr. Michael Krämer, Abu Dhabi..... p.1*

#### *United Arab Emirates*

##### **Pre-In Cooperation Contracts in the UAE**

*Francesco Jorno, Dubai..... p.2*

#### *Iran*

##### **Iran Sanctions Update: January 2015**

*Zahra Tahsili, Tehran ..... p.4*

#### *Iraq*

##### **The Communication and Media Commission in Iraq (CMC)**

*Marwan AlKhalidy, Iraq ..... p.7*

#### *Saudi Arabia*

##### **Governance System in the Kingdom of Saudi Arabia**

*Hany Kenawi, Saudi Arabia..... p.10*

#### *Egypt*

##### **The Controversy of the New Draft Amendments of the Egyptian Fees Law**

*Amir El Shamy, Egypt ..... p.12*

**United Arab Emirates****Agency Agreements and How to Deal with Them****Guiding Principle**

*This article discusses common issues with the UAE Agencies Law and how to avoid certain pitfalls*

The appointment of a local agent in the UAE is often one party's gain and the other person's pain. All too often, the "gain"-bit remains with the Emirati agent while the foreign principal is confronted with a local partner whom he cannot really control, because UAE laws do not allow the principal to terminate the agency relationship unilaterally.

There are, of course, many such partnerships, which work extremely well for both parties involved. However, the fact that registered agencies cannot be terminated unilaterally results in a contractual imbalance in a sense that even in severe cases of underperformance, the foreign principal is unable to force his local partner to perform his contractual obligations.

How should this best be dealt with? There are several options:

**I. Situation Prior to the Appointment of the Local Agent**

Prior to appointing a local agent, the principal should ask itself if such appointment is actually required and if so, to what extent. It is correct, of course, that the laws of the UAE make it mandatory to appoint a local agent prior to distributing any product or service in the UAE. However, we would not be in the UAE if legal requirements and

practical reality are always the same. In reality, it is common practice to distribute all kinds of products and services throughout the nation without any such local agent being appointed.

In practice, dealings with certain public authorities (especially in the oil and gas and the defence sectors) still do require the appointment of a local agent. Here, the appointment of a local agent is one of the base requirements prior to being entitled to submit a bid to any public tender.

Even if the appointment of a local agent cannot be avoided, however, this does not necessarily mean that the agent needs to be appointed in relation to all of the principal's products or services. Instead, a smart lawyer will be able to assist with limiting the scope of the agency to the minimum required, thus leaving the principal at liberty to distribute all remaining products and services without involvement of the local agent.

**II. Situation after Appointment of the Local Agent**

In situations where a local agent has already been appointed and such appointment has been registered with the relevant Ministry of Economy, the foreign principal is likely to still have more options than it may be aware of. Contrary to popular belief, registration of an agency does not always mean that the principal is tied to the agent with its complete product or service portfolio. Taking a closer look at the actual agreement (as it has been registered) often surprises.

If, for example, the agency has been registered several years ago, chances are that the registered agreement relates to

products, which are no longer produced. The current product portfolio may not even be affected by the registration at all. Quite often, the principal's entity that is party to the agreement is a group company which has since been merged with another entity, or this entity has changed its principal line of business, etc.

In this scenario it is advisable to have ones' legal options evaluated by a specialised law firm in order to assess the situation and decide the further course of action.

*Dr. Michael Krämer  
Meyer-Reumann & Partners,  
Abu Dhabi Office*

United Arab Emirates

## **Pre-In Cooperation Contracts in the UAE**

### **Guiding Principle**

*Contracts which were concluded by either the shareholders or other third persons on behalf of the company before its registration was completed, will remain legally effective for the company once it is registered. No further transfer of rights to the company is required if the contracts were necessary for the foundation of the company. Any kind of legal action closely connected to the intended activities of the company shall be deemed to be necessary in this sense. Rights and obligations arising from any such contracts, which are not necessary for the foundation of the company, must be transferred to the company. The transfer can be carried out by implied actions.*

### **A. Scenario**

A part of the procedure for the establishment of companies in the UAE requires the conclusion of contracts before it is duly registered. This is typically the case with leases for the premises and the opening of bank accounts. A company will be registered in the UAE only when a lease is submitted to the authority beforehand and a landlord will require safety checks upon conclusion of the contract. But many other contracts and legal acts can be considered as preparatory actions in this sense as well, if they are closely associated with the desired purpose of the commercial activities.

A company has a corporate personality only after the constitutive registration in the commercial register, see Art. 12 Para 1 sentence 1 Commercial Code UAE (law No. 8 of 1984). With regard to the preliminary agreements mentioned before as per Art 12 Para 1 sentence 4 Commercial Code UAE, the company shall have sufficient corporate personality required for its incorporation. Assuming the company will be duly registered, these contracts will be conducted directly with the company.

The transfer of the resulting rights is automatically. There is no need for any further assignment procedure.

In the case of pre-registration contracts which are not covered by Art. 12 Para 1 sentence 4 Commercial Code UAE or if the company will not be registered, the acting persons are entitled and obliged jointly and severally as debtors and/or creditors. The position as creditor does not result directly from Art. 12 Commercial Code UAE, but from the

regulations on joint debtors in the Civil Code of the UAE (law No 5 of 1985), Art. 441 Civil Code of the UAE.

Art. 12 Commercial Code UAE is a general provision but applies to the limited liability company, since there is no explicit provision in the special section stipulating otherwise.

Regulations similar to Art 12 Commercial Code UAE can be found in the laws of the most Free Zones, for example, Art.18 (B) of the Implementing Rules and Regulations FZC Hamriyah Free Zone. If such provision is not included in the laws of a Free Zone Art. 12 Commercial Code UAE nevertheless applies, as the Federal Laws of the UAE shall apply also in the Free Zones if they did not implement their own regulations. The application of these regulations is also independent from the corporate form of the entity in the Free Zone. The common entities FZE and FZC differ only in terms of the number of potential shareholders and are otherwise equivalent to a limited liability company.

Overall, this can be referred to as a general corporate principle of law in the United Arab Emirates.

### **B. In Concreto**

It must be evaluated on a case by case basis to which extent the registration and protection of rights is necessary for a foundation of the company. In case the use of trademarks and patents are closely connected to the planned activities of the company, such transactions will typically already be completed before registration. This occurs in particular if the commercial activity of the company are focused on the sales of products under a trademark or the use of a patent.

In fact, there is the possibility to carry out relevant applications for the registration of a trademark on behalf of a company in foundation. In these cases, the proof of the registration of the company has to be subsequently delivered within three months.

This is clear evidence that such a trademark application is seen as a preparatory action within the meaning of Article 12 Commercial Code UAE by the jurisdiction of the UAE. Consequently, in the event that a trademark has been registered in the name of a shareholder or any other person acting for the company, for example the designated manager of the company under registration, the trademark belongs automatically to the company when it was registered.

According Art. 29 Trademark Law UAE (law No. 37 of 1992) the transfer of the ownership of a trademark shall have no effect against third parties unless duly recorded in the register of trademarks. This rule applies to the automatic transfer of ownership from the acting person to the company in the moment it has been registered. The effective date of the transfer should be the day the company has been duly registered.

Even in cases where it is doubtful whether a contract or a legal act are deemed to be necessary for the incorporation, there may be arguments, stating an exclusive permission/obligation of the entity itself. For example in case where we find a repetitive behavior such as delivery of goods to the later established company on the company's account, based on the conditions resulting from a contract concluded with as shareholder or designated manager. The principle of

implied behavior is recognized in the UAE and can be found in the form of implied behavior and tacit declarations of intent in the UAE laws inter alia in the general rules of the Civil Code UAE, compare Art. 132 (implied behavior) and Art. 135 (acceptance through silence). Yet again these provisions are applicable in the Free Zones. Some of the Free Zones Laws contain regulations stating that implicit and explicit action are rated equally, as in Art 18 (A) of the Implementing Rules and Regulations FZC Hamriyah Free Zone, stating that conclusion of a contract by a representative of the FZC irrespectively whether his authority was expressed or implied.

*Francesco Jorno*  
*Meyer-Reumann & Partners,*  
*Dubai Office*

*Iran*

## **Iran Sanctions Update: January 2015**

### **Guiding Principle**

*As previously advised, in January 2014, Iran and the group of nations known as the P5+1 (United States, U.K., France, Russia, China and Germany) implemented a Joint Plan of Action (JPOA) whereby Iran agreed to accept limits on its nuclear program in exchange the EU and U.S. brought into force measures which temporarily suspended and relaxed (for an initial period of six months) some of the sanctions in place against Iran. At the end of that initial six month period, when no agreement between Iran and*

*the P5+1 could be reached, all measures were extended for a further six months, to November 24, 2014. On November 24, 2014, Iran and the P5+1 countries extended the JPOA for a second time until June 30, 2015 during which time the parties would seek to negotiate a comprehensive agreement regarding Iran's nuclear program.*

### **A. The Latest Status of the Joint Plan of Action**

On November 24, 2014, it was announced that ongoing negotiations with Iran regarding its nuclear enrichment and development activities, along with sanctions relief agreed to by the United States and European Union, have been extended for up to an additional seven months. The P5+1 and Iran have reaffirmed they will continue to implement their commitments under the Joint Plan of Action (JPOA). The parties have agreed to extend the negotiations until June 30, 2015, with the expectation that a consensus on terms should be reached by March 01, 2015.

The suspension and relaxation of sanctions remains in place in identical form, except that Iran will be able to access an additional \$700 million worth of assets each month that had previously been frozen. No additional sanctions have been suspended.

Currently, the United States and European Union have, to varying degrees, suspended sanctions measures for certain activities, including those related to (i) crude oil exports; (ii) petrochemical exports; (iii) gold and precious metals; (iv) the automotive industry; and (v) civil aviation.

There are, however, several key

**Meyer-Reumann & Partners**

*Dubai Abu Dhabi Alexandria Baghdad Cairo Erbil Muscat Riyadh Tehran*

limitations on this temporary sanctions relief. First, this sanctions relief applies only to conduct or transactions that occur while JPOA is in force. Any contracts or transactions, even if permitted, must therefore be initiated and completed during the limited period specified under the extended JPOA and should not rely on the presumption of any further extensions. Second, this sanctions relief may be revoked by the United States or European Union at any time if either determines that Iran has not fulfilled its obligations under the JPOA. In that regard, the International Atomic Energy Agency has been asked to continue monitoring the voluntary measures under the JPOA.

#### **B. Extension of EU Sanctions Relief**

The European Union, pursuant to the JPOA, suspended the prohibitions of: (i) the provision of insurance, reinsurance, and transport of Iranian crude oil; (ii) the import, purchase, or transport of Iranian petrochemical products and the provision of related services; and (iii) the trade in gold and precious metals. The European Union also increased the authorization thresholds in relation to the transfers of funds to and from Iran.

On November 25, 2014, the European Union extended the suspension of prohibitions through June 30, 2015 by adopting Council Decision 2014/829/CFSP<sup>1</sup>. The European Union extended the suspension of prohibitions

<sup>1</sup> For more information please visit: [http://eur-lex.europa.eu/legal-content/EN/TXT/;ELX\\_SESSIONID=tsb1J1KJGh7B1f46Y5ZFFNNb0h2wcQ0PXVL2fHSjvTY3fv8nJv4Q!-282167693?uri=uriserv:OJ.L\\_.2014.338.01.0001.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/;ELX_SESSIONID=tsb1J1KJGh7B1f46Y5ZFFNNb0h2wcQ0PXVL2fHSjvTY3fv8nJv4Q!-282167693?uri=uriserv:OJ.L_.2014.338.01.0001.01.ENG)

without any change so that the same activities or transactions would continue to be authorized as long as they are “executed” (i.e., initiated and completed) between January 20, 2014 and June 30, 2015.

#### **C. Extension of US Sanctions Relief**

Pursuant to the JPOA, the United States relaxed certain economic sanctions against Iran related to Iran’s export of petrochemical products; Iran’s auto industry; Iran’s purchase and sale of gold and other precious metals; the supply to Iran of spare parts in support of the safe operation of Iran’s civil aircraft; Iran’s export of crude oil to certain countries; and import of humanitarian goods into Iran as well as payment of medical expenses incurred by Iranians abroad. The United States also authorized “associated services,” including any insurance, transportation, or financial services typically incident to the underlying activity that was authorized.

The relief was limited to these activities, and, with the exception of aviation safety provisions, did not apply to US persons or US-owned or -controlled companies located abroad.

With regard to Iran’s aviation sector, extension of the JPOA also extends the P5+1 commitment to license the supply and installation of spare parts for safety of flight for Iranian civil aviation and the provision of associated services. From a U.S. perspective, this includes Office of Foreign Assets Control (OFAC)’s favorable licensing policy under which U.S. persons, U.S.-owned or -controlled foreign entities, and non-U.S. persons involved in the export of US-origin goods can apply to OFAC for a license

to engage in transactions “to ensure the safe operation of Iranian commercial passenger aircraft, including transactions involving Iran Air.” Such transactions must be initiated and completed entirely within the JPOA Relief Period (January 20, 2014 through June 30, 2015). In general, sanctions relief for aviation-related activities includes the following:

- Allows the supply and installation in Iran or a third country of spare parts for safety of flight for Iranian commercial aircraft;
- Allows the provision of associated services such as safety of flight inspections, repairs, and the provision of aircraft servicing in Iran or a third country;
- Suspends the imposition of correspondent or payable through account sanctions on foreign financial institutions that conduct or facilitate financial transactions relating to the type of activities covered under OFAC licensing that are conducted on behalf of non-U.S. persons not otherwise subject to the Iranian Transactions and Sanctions Regulations, provided that the transactions do not involve persons on the SDN list other than Iran Air or any Iranian depository institutions listed solely pursuant to Executive Order 13599; and
- Suspends the imposition of blocking sanctions with respect to persons that provide goods, services or support to Iran Air in connection with activities intended to ensure the safe

operation of Iranian commercial passenger aircraft, as long as such activities are outlined in the JPOA and do not involve persons on the SDN list other than Iran Air or any Iranian depository institutions listed solely pursuant to Executive Order 13599.

In connection with the announcement of this extension, the U.S. Department of the Treasury and the U.S. Department of State issued revised guidance<sup>2</sup> relating to the sanctions relief agreed to under the JPOA.

#### **D. Conclusion**

The relaxation of sanctions pursuant to the JPOA is likely to remain in effect through June 30, 2015, although the United States maintains that such relief can be reversed if Iran does not abide by the terms of the JPOA.

The United States will continue to temporarily suspend the application of certain extraterritorial sanctions that authorize imposition of penalties against non-US entities engaging in certain activities involving Iran’s automotive, petrochemical and crude oil industries. At the same time, the majority of US sanctions against Iran have been and remain in effect, and US persons remain broadly prohibited from engaging in most transactions involving Iran without prior authorization.

The EU will also continue to temporarily suspend certain oil and petrochemical

---

<sup>2</sup> For more information please visit: [http://www.treasury.gov/resource-center/sanctions/Programs/Documents/guidance\\_ext\\_11252004.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/guidance_ext_11252004.pdf)

related sanctions, as well as maintaining an increase in the notification/authorization thresholds for financial transfers to and from Iran. The suspension, as extended, continues to cover the provision of insurance and transport in relation to Iranian crude oil sales to current customers, the import, purchase or transport of Iranian petrochemical products and the trade in gold and precious metals with the Iranian government and its public bodies. For EU companies considering doing business with Iran, it is critical to note that all other EU restrictions in relation to Iran, including an extensive asset freeze, remain in full force and effect.

Neither the United States nor the European Union has provided any firm indication as to the extent of sanctions relief that would be provided in a final agreement. Overall, the situation remains difficult to predict.

**Zahra Tahsili**  
**Meyer-Reumann & Partners,**  
**Tehran Office**

## Iraq

### **The Communication and Media Commission in Iraq (CMC)**

#### **Guiding Principle**

*The communications and Media in Iraq have been fluctuated for decades. In fact, this fluctuation constitutes a reality that the country has been facing such as the security issues, the economic blockade imposed on the previous regime, and all the exceptional circumstances. This paper illustrates the nature and reality of communication and media in Iraq after 2003.*

#### **I. The Establishment of the Communication and Media Commission in Iraq**

On March 20, 2004, the Communication and Media Commission (CMC) was established by The Coalition Provisional Authority (CPA), which issued the Order 65, by Paul Bremer, the U.S. Civil Administrator for Iraq. The CPA controlled the media and communication in Iraq, in a way that CPA was licensing and giving frequencies to the media outlets. The order of establishing the CMC has been based on international conventions and current best practice. In its preamble it states: "Regulations in this context (i) should provide for the fullest exercise of freedom of expression as defined by international convention, (ii) must encourage pluralism and diverse political debate and (iii) must empower rather than restrain independent and impartial commentary." According to this order, this commission



has been given an exclusive authority to regulate and make its own rules about telecommunication and broadcasting, the commission stated that: “The Iraqi Government is directly responsible for the adoption and development of a strategic policy in the field of communications and passing legislation on them. CMC will implement as an independent regulator these policies along with developing the related field policies.

1. The Communication and Media Commission responsibilities are focused on:
  - a) Regulating broadcasting and communications networks and services, including licensing, pricing, interconnection, as well as identifying the basic conditions for the provision of public services.
  - b) Planning, coordinating, distributing and identifying the use of broadcasting frequencies.
  - c) Regulating media designs and developing mechanisms for the press.
  - d) Designing, developing, and promoting the rules of electoral media.
  - e) Supporting and promoting vocational rehabilitation, and adopting professional conduct guidance on media topics.
  - f) Developing and disseminating communication and media polices along with proposing regulations on the Government and relative bodies in this regard.<sup>37</sup>

<sup>3</sup> Comm. & Media Commission, <http://www.cmc.iq/en/aboutcmc.html> (last visited Feb. 21, 2013)

2. Under section 3, named “Establishment”, the commission granted an exclusive power to run the communication and media in Iraq and to enact rules, regulations and codes, regarding communication and media in Iraq. It says 1) “... The Commission shall be solely responsible for licensing and regulating Telecommunications, Broadcasting, Information Services and other Media in Iraq, and shall be committed to the principles of objectivity, transparency, non-discrimination, proportionality and due process in carrying out its duties.”<sup>4</sup>
3. The new Iraqi constitution also has given this commission independence, attaching it to the legislation branch solely. Article 103 of the Iraqi constitution states: First: ... the Communication and Media Commission, and the Endowment Commissions are financially and administratively independent institutions, and law shall regulate the work of each of these institutions. Second: “... the Communication and Media Commission shall be attached to The Council of Representatives”.<sup>5</sup>

<sup>4</sup> Coalition Provisional Authority, Order of 65: <http://www.cmc.iq/en/pdfcmc/order65.pdf> (Last Visited Feb 21, 2013)

<sup>5</sup> The Iraqi Constitution 2005 [http://www.uniraq.org/documents/iraqi\\_constitution.pdf](http://www.uniraq.org/documents/iraqi_constitution.pdf)

## II. The Function of the Communication and Media Commission.

Order 65 Section five has clarified and listed the functions of this commission. According to this section, CMC is required to run the media and communication work in Iraq, and it has the power to license media channels and telecom operators through its rules and process. The CMC “shall ensure that the radio frequency spectrum is used in a manner that recognizes the value and scarcity of this resource”<sup>6</sup> the Order of 65 did not require the written press to be licensed to work in Iraq, and that was consistent with developed countries rules.

1. Licensing: After the invasion and demolishing the Ministry of Information, the Coalition Provisional Authority (CPA) was the only body authorized the licensing of media broadcasters and telecom operators. During that time, there were many mistakes, which had happened in terms of granting licenses or organizing the media and communications. According to a report published by the Annenberg School for Communication in the University of Pennsylvania in which has listed some examples of these mistakes,
2. Broadcasters reportedly asked to submit sizable non-returnable application fees, whether they received a license or not. In addition, the mechanism through

<sup>6</sup> Coalition Provisional Authority, Order of 65: <http://www.cmc.iq/en/pdfcmc/order65.pdf>

which the CPA initially collected and recorded fees was ad hoc, cash-based and ignored common financial controls. Moreover, some broadcasters received licenses without supplying even the most basic information about their operations, funding, staffing, and program schedules.<sup>7</sup>

3. The Communication and Media Commission has published many rules, regulations, and codes. Licensing is one of these rules, the CMC emphasized that there are no obstacles to obtaining frequencies or licensing. CMC has clarified the process of granting license, it has listed the process that any applicant must go through in order to obtain license or to renew a license. The commission has promised to not ignore licensing to the media broadcaster, it has listed reasons to not grant licensing using frequencies including the followings:-
  - a) The lack of frequencies.
  - b) Avoid harmful interference with other communications services provided by any another service provider.
  - c) If the issuance of license in using frequencies contracted with any of the Commission's systems or as

<sup>7</sup> Monroe Price & Douglas Griny & Ibrahim Al-Marashiz, Toward an Understanding of Media Policy and Media Systems in Iraq: A Foreword and Two Reports, [http://repository.upenn.edu/cgi/viewcontent.cgi?article=1058&context=asc\\_papers](http://repository.upenn.edu/cgi/viewcontent.cgi?article=1058&context=asc_papers).

broadcast programs contrary to morality and public behavior.<sup>8</sup>

### III. General Observation in the Respect of the Communication and Media Commission:

In terms of the recent establishment of this commission, there are some notes that should we look at.

1. First, the terms morality and public behavior are still unclear in the legal environment in Iraq. These two terms might be used broadly and thus can prohibit a conduct or regarding to the morality and public behavior, as we will see later. The same Report by The University of Pennsylvania says "The CMC has apparently taken considerable strides in staffing its licensing department. However, the task of contacting and processing all broadcasters across Iraq has proven to be an extremely difficult one. As a result, a number of broadcasters remain unlicensed, and thus are illegally on the air."<sup>9</sup>
2. Second, the CMC listed a note on its website states "CMC has the right at all times to omit or amend these principles and provisions to promote the public interest"<sup>10</sup> this clearly

<sup>8</sup> Comm. & Media Commission, <http://www.cmc.iq/en/aboutcmc.html>

<sup>9</sup> Monroe Price & Douglas Griny & Ibrahim Al-Marashiz, Toward an Understanding of Media Policy and Media Systems in Iraq: A Foreword and Two Reports, [http://repository.upenn.edu/cgi/viewcontent.cgi?article=1058&context=asc\\_papers](http://repository.upenn.edu/cgi/viewcontent.cgi?article=1058&context=asc_papers).

<sup>10</sup> Comm. & Media Commission, <http://www.cmc.iq/en/aboutcmc.html>

contradicts the principle of trust, credibility, and the 'contract makes law' principle, that each party is committed to make. In other words, the CMC is able to eliminate any obligation under the case of public interest. The head of Journalistic Freedoms Observatory Ziad al-Ajili believes that the commission should apply its law correctly; he says "The commission applies the law selectively and temperamentally"<sup>11</sup>

*Marwan AlKhalidy*

*Meyer-Reumann & Partners,  
Erbil Office*

#### Saudi Arabia

### Overview on the Governance System in the Kingdom of Saudi Arabia

#### Guiding Principle

*The demise of King Abdullah bin Abdul-Aziz and the smooth fast transfer of power to his half-brother King Salman bin Abdul-Aziz, raised a lot of interest about the governance system in Saudi Arabia. In this article, we are providing an overview on the legal background of ruling in the most influential state amongst the Arabian Gulf monarchies "the Kingdom of Saudi Arabia".*

<sup>11</sup> *بينة الاتصالات والإعلام في العراق .. تدعم الحريات أم تعرقلها؟*  
<http://www.rnw.nl/arabic/article/731411>.

**A. The Demise of the Saudi King and the Coronation of the New King, the Crown Prince and his Deputy**

On Friday January 23, 2015, the Saudi Royal Divan has announced in the name of, the Crown Prince then, Prince Salman bin Abdul-Aziz Al-Saud, the demise of King Abdullah bin Abdul-Aziz Al-Saud at 1:00 in the morning of the same day.

It was further announced at the same time that Prince Salman has accepted the pledge of allegiance from the Saudi Pledge of Allegiance Commission as the new King and Prime Minister for the country.

King Salman has appointed Prince Muqrin bin Abdul-Aziz Al-Saud, his half-brother, as the new Crown Prince and Deputy Prime Minister and called for pledge of allegiance for him in light of the Royal Order of King Abdullah. The late King has issued an order on March 27, 2014, stipulating that in the event of the vacancy of the Crown Prince position, Prince Muqrin shall be pledged for it. King Salman has appointed Prince Muqrin as the Deputy Prime Minister as well.

Following the protocol as first initiated by King Abdullah on 2014, a Deputy Crown Prince, namely Prince Mohamed bin Nayef, was appointed by King Salman. The Deputy Crown Prince is also appointed as the Second Deputy Prime Minister in addition for his current position as the Minister of Interior.

Being the third in row for the throne, Prince Mohamed, a grandson of King Abdul-Aziz Al-Saud, the founder of the Kingdom of Saudi Arabia, might be the first king from the second generation in the Saudi royal family.

**B. Principles of Governance in Saudi Arabia**

On first of March 1992, King Fahad bin Abdul-Aziz Al-Saud has issued the Basic Law of Governance ("SA-BLG"). The law confirmed the identity of Saudi Arabia as an Arab Islamic absolute monarchy governed by the Islamic law (Shari'ah). Governance in the Kingdom is based on justice, consultation and equality in accordance with the Shari'ah. No political parties are allowed to exist. The Quran and the Sunnah forms its constitution.

The King holds the legislative and executive functions. He issues Royal Decrees, which form the basis of the country's legislation. The King is also the Prime Minister, and chairs the Council of Ministers.

The citizens shall pledge allegiance to the King on the basis of submission and obedience in times of hardship and ease, fortune and adversity.

**C. Choosing the King and the Crown Prince**

The governance is limited to the male descent of the founder King Abdul-Aziz Al-Saud. Allegiance shall be pledged to the most suitable amongst them in accordance to the Law of Pledge of Allegiance Commission. The Commission shall be constituted pursuant to a Royal Order from the following members:

1. The sons of the founder King Abdul-Aziz Al-Saud.
2. A son of every deceased, decliner or incapacitated, pursuant to the medical report, to be appointed by the King from among the male descent of King Abdul-Aziz Al-

Saud, provided that he is known for his righteousness and competency.

3. Two to be appointed by the King, one from among his sons and the other from the sons of the Crown Prince, provided that they are known for their righteousness and competency.

Upon the King's death, the Commission shall call for the pledge of allegiance to the Crown Prince as the King of the country in accordance with SA-LPAC and the SA-BLG. Thereafter, the King shall agree with the Commission on choosing the Crown Prince.

If the King is not able to exercise his powers for medical reasons, the Commission shall call for the pledge of allegiance to the Crown Prince. If the Crown Prince is suffering from similar case, the Commission shall have the right to choose another King and Crown Prince from the other male descent of King Abdul-Aziz Al-Saud.

*Hany Kenawi*  
*Meyer-Reumann & Partners,*  
*Saudi Office*

## Egypt

### **The Controversy Over the New Draft Amendments of the Egyptian Litigation Fees Law**

#### **Guiding Principle**

*An overview about the draft amendments of the Egyptian fees law and its extent of acceptance between the judicial circles and jurists.*

#### **1. Most Important Adjusted Legal Provisions**

In January 2015, the Department of Legalization at the Egyptian State Council has submitted to the Presidency of the Republic a draft for the suggested amendments to the law of judicial fees in civil and criminal matters for review and issuance if accepted.

The most prominent amendments include the relative increase of fees to

- 2,000 Egyptian pounds (EGP) for claims with a value up to 40 thousand EGP;
- 4,000 EGP for cases worth more than 40 thousand EGP up to 100 thousand EGP;
- 10,000 EGP for claims of more than 100 thousand EGP and not exceeding a million EGP; and
- 20,000 EGP for cases valued at more than one million EGP.<sup>12</sup>

The suggested amendments also apply to the fixed fees for submission of appeal.

<sup>12</sup> <http://www.youm7.com/story/2014/12/24> (publication source)

According to the draft law, the fees for appealing should be raised to be 150 EGP. Also the fees for lawsuits reconsideration, i.e. lawsuits which have been filed after the cassation of a case, were increased as well to 50 EGP..

## **2. Disparate Reactions from Judges and the Bar Association**

### **a) General Bar Association Statement**

Tharwat Atallah, a board member of the General Bar Association, stated that the passing of such law without submitting it to the parliament first might cause resentment among lawyers.

He further stressed that the increase of the fees will lead to limit the chances and possibilities to seek legal recourse; the now lowest lawsuit fees of two thousand EGP, is not affordable for most of the Egyptians, as it is also in addition to the Stamp Act law, a stamp with the price of 10 EGP on any lawsuit and which revenues go to the social and health nationals fund for judges<sup>13</sup>

### **b) Statement of the Judges Club**

Chancellor Hamdi Abdel Tawab, a member of the Board of Directors of Judges Club stated that the judicial fees law is exclusively a judicial matter and no one, whoever, has the right to interfere in the work of the judiciary. He added that these particular litigation fees concern lawsuits, which makes this law subject to the judicial affairs only.<sup>14</sup>

<sup>13</sup> <http://www.almasryalyoum.com/news/details/618304>

<sup>14</sup> <http://www.bilakoyod.net/c/details19894.htm>

## **3. The Conclusion**

It would appear that an increase of the litigation fees with the aim of facilitating the litigation process by implementing electronic services, which should lead to expediting of a trial, is justified. However, the arguments of the judges, that the increased value of the fees does not differ much from the current fees is not acceptable as there is no real additional value that justifies the increase.

*Amir El Shamy*  
*Meyer-Reumann & Partners,*  
*Alexandria Office*