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The M&P Legal Network for Legal Consultancy Services Beyond the Borders

Guiding Principle

M&P has developed a ME-Legal Network for legal consultancy services beyond the borders. The recent internal restructuring of Meyer-Reumann & Partners (M&P) followed by the closure of our office in Abu Dhabi raised the question "Where does this leave our Abu Dhabi Clients"? This article will show that M&P's Legal Consultancy Services in Abu Dhabi are fully covered by the M&P ME-Legal Network. At all times it is the Client's decision to choose the law office and the lawyer he/she trusts! The M&P ME-Network gives the Client a wider discretion to solve his/her legal issues.

I. M&P Dubai Office as Central Hub for Cross Border Services

1. The M&P Legal Network

Since quite a number of years, we have and still are developing the concept that our Clients will be able to receive legal services centralized from our office in Dubai for most of the countries in the Middle East as a One-stop-Point of Call for Legal Services covering the Middle East. We appoint specific lawyers as coordinators who will be responsible to coordinate a mandate, which requires legal services outside the UAE either in providing the service personally or in coordination with one of our offices in the respective country or in cooperation

with a trusted law office, with which we have established good relations. All of which is openly communicated to the Client at all times.

M&P today has a network of 6 offices in the U.A.E., Egypt, Iran, Iraq, Oman and Saudi Arabia providing legal consultancy related to the entire Middle East (Bahrain, Egypt, Kuwait, Iran, Iraq, Jordan, Lebanon, Oman, Qatar, Saudi Arabia, Sudan, Syria, U.A.E. and Yemen) predominantly on commercial, corporate and investment laws to internationally operating Clients.

2. The M&P Legal Data Bank

The network of lawyers and offices are able to resort to laws, legal texts and articles from our in-house Legal Data Bank.

M&P's legal knowledge was preserved and maintained since the very beginning at a time, when telefax punched tapes just had come on the market.

As of July 2015 the M&P Legal Database is comprising English, Arabic, German (and to some extent bi-lingual) documents related to all fields of law, including

- 2.498 laws, including excerpts of laws for specific legal issues and laws outdated for statements referring to a period they were in force.
- 14.670 articles (including the in-house magazine "lex arabiae")
- 1.168 forms, specimen
- 220 legal statements
- More than 10.000 legal textblocks of the entire Middle East and (to some extent) beyond. Trained paralegal have the expertise to update the legal data bank from othe databanks in the

market (M&P is member), many legal websites and other sources related to the Middle East.

3. The Scope of the Legal Services of M&P (Conventional & Online)

M&P's core of legal services is related to commercial / economic laws of the Middle East as legally needed by foreign companies doing business in or with the Middle East. M&P's services also include family- and inheritance laws, trademark- and patent registration worldwide and the formation of offshore companies in Jebel Ali and Ras Al Khaimah.

For details see M&P's full profile on the M&P website www.Meyer-Reumann.com

II. The M&P Concept

1. The General M&P Concept:

The core of M&P's concept is to provide cross border legal consultancy including its 6 offices at various places in the ME and beyond that 8 more Middle East countries, where M&P has no offices but an in-house legal data bank covering these countries plus trustworthy law firms in these countries, where the data bank runs short. This concept allows clients:

- To ask any M&P office a legal question related to any of these mentioned M&P countries,
- To consult one lawyer, whose quality of work they know, questions related any of the M&P countries and to leave the quality control to him/her,
- To consult directly a lawyer in the country of their concern to speed up a matter or to have a direct dialogue with the lawyer in charge,
- To combine the above alternatives in

order to optimize the consultancy progress, e.g. contacting the lawyer they trust and in between contact the lawyer, who is working on the issue, to clarify details.

2. The M&P-Legal Online Services Concept in a Nutshell

The M&P Legal Online Services is an electronic interactive legal online service for 13 ME-Countries. It is supported by a lawyer team with local knowledge, the M&P in-house Legal Databank and trained paralegals for legal research work allowing a paperless full electronic service. Submitting legal question and receiving the answers and the online payment of the legal fees, all is easy to handle without electronic knowledge.

Preparations for the Online Service started in 2013. It is presently in the testing phase and will go online later in 2015.

The Legal Online Service is password protected and comprises

- An online legal question,
- An online evaluation of the question, fee quotation for the scope that can be evaluated,
- A request of a downpayment of 50% of the fees, online or by bank transfer,
- Comprehensive answer to the legal questions.

If the full question had been separated in parts, the above procedure will be repeated until the full question is answered.

III. Legal Consultancy of M&P in Abu Dhabi

1. Dr. Hussein Y. Ghanayem's Statement

In April this year closed our office in Abu Dhabi and centralized our legal consultation for the U.A. E. on our office in Dubai. Doing so we had to make sure, that we could continue to serve our Abu Dhabi clients. Most of the legal consultancy services nowadays is done by emails and internet. Some of our clients from overseas we have never seen yet, although we are serving them for years already.

To be on the safe side with regard to our Abu Dhabi clients, we asked Dr. Hussein Y. Ghanayem, to provide M&P a statement with regard to the legal status of the M&P services in Abu Dhabi. Dr. Hussein Y. Ghanayem is a prominent legal expert being for more than 35 years in the country as professor of law at the Al Ain University, advocate in Abu Dhabi and Director of the Abu Dhabi Executive Council being in charge for licensing law firms. Dr. Ghanayem left no doubt, that we indeed are allowed to look after clients also in Abu Dhabi as long as we are lawyers, who are properly licensed. Meyer-Reumann & Partners and each of its Dubai lawyers are fully licensed by the Ruler's Court and the Department of Economic Development in Dubai.

For easy reference, please find below the full text of the legal statement:

"To Whom it may concern!

I have been asked to give my legal opinion concerning the legal practice of the licensed consultative offices in UAE.

By virtue of my intensive engagement in UAE legal affairs since 1982, I would like to state the following:

Any established consultative office in any of UAE emirates is entitled to give its legal opinion to any individual or entity. The only limitation is that an established office in a certain emirate cannot open a branch or office in another emirate without obtaining a license from the competent authority of the other emirate.

Furthermore, any individual or entity may seek to obtain the advisory opinion of any licensed office in any emirate. Any such office is entitled to deal with the afore-mentioned individual or entity irrespective whether the individual is residing in the same emirate of the office's location or not, whether the entities headquarter is located in the same emirate or not. For consultations with current or potential clients, there is no geographical limitation in UAE"

Accordingly, a professional license allows having an office in the emirate of issuance only. From that office its holder may provide legal consultancy in the entire U.A.E. Any major law firm in Dubai will confirm, that they are also providing consultancy service on UAE and Abu Dhabi and other laws they are familiar with for clients in Abu Dhabi if and when requested and to negotiate with parties residing in Abu Dhabi or Abu Dhabi authorities.

2. The Article of "The National" of 18.07.2015

The well-known UAE newspaper "The National" published on 18.07.2015 an

article written by John Everington called “Competition driving some law firms out of Abu Dhabi”, web link: <http://www.thenational.ae/business/economy/competition-driving-some-law-firms-out-of-abu-dhabi>

The article describes, that at the time being well-known law offices are leaving Abu Dhabi and continue - like M&P- to look after Abu Dhabi clients from Dubai.

“Last month Herbert Smith Freehills became the latest western law firm to shut up shop in the capital, six years after its office opened”

“We are confident that we can continue to provide the quality and breadth of service to our clients in Abu Dhabi from our offices in Dubai and Doha and our global network across the UK/US, Europe and Asia Pacific,” the head of the firm’s Middle Eastern practice Zubair Mir told American Lawyer last month.”

Herbert Smith Freehills is a reputed law firm, which certainly will provide their Abu Dhabi clients also in the future the same quality of services as they did, when they had an office in Abu Dhabi.

3. M&P-Concept Being in Line with the Practice in Abu Dhabi

M&P will continue to serve its clients in Abu Dhabi. The M&P-ME-Concept is a guarantor of a service meeting a high quality standard in line with the practice in Abu Dhabi.

*Elena Schildgen /
Rolf Meyer-Reumann
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United Arab Emirates

Effects of the New UAE Company Law, Federal Law No. 2/2015 (Part 1)

Guiding Principle

On July 1, 2015 the long-awaited new UAE Commercial Company Law, Federal Law No. 2 of 2015 (New CCLaw) has taken effect and replaced the existing Federal Law No. 8 of 1984 concerning Commercial Companies (Old CCLaw).

The overall purpose of the New CCLaw is set out in Article 2. The New CCLaw:

“aims to contribute in the development of the business environment and the capacities of the state and its economic standing by organizing the companies in accordance with the global variables, especially those related to the organization of governance rules and the protection of the shareholders and partners as well as supporting of the flow of foreign investment and promoting the social responsibility of the companies”.

The New CCLaw comes with significant changes. For example: Registered companies have a deadline until June 30, 2016 to amend their existing memoranda and articles of association to incorporate changes set forth by the new law. The non-compliance with these new requirements will be catastrophic: Art. 374 New CCLaw states:

“if a company fails to comply [...], the company shall be deemed as dissolved in

accordance with the provisions of this Law.”

This Article highlights the relevant changes, which will have to be implemented by UAE-LLCs and their partners as well as Branches and Representative Offices and Free Zone Entities to comply with the new law. The obligation to comply with the implementation goes hand in hand with new aspects for new business opportunities and new corporate concepts.

B. General Legal Provisions:

I. Scope of Application of the New CCLaw (Art. 3-5 New CCLaw)

1. Companies Governed by the New CCLaw (Art.3)

The provisions of the New CCLaw and all its Regulations, Instructions and Resolutions issued in execution hereof apply to companies established in the UAE including foreign companies that have a registered place to conduct any activity or have established a branch or representative office.

2. Companies Exempted From the New CCLaw (Art.4 New CCLaw)

Exemptions are governed by Art.4 of the New CCLaw:

- a) Companies excluded by a Resolution by the Cabinet;
- b) Companies fully owned by the Federal or any Government of any Emirate;
- c) Companies of the Federal Government and/or of the local Government of an Emirate or where they have an interest in;

d) Companies excluded from the provisions of the Old CCLaw, as amended, prior to the effective date of the New CCLaw.

e) Companies excluded from the provisions of this Law under special Federal Laws.

Conclusion: Hence, the New CCLaw applies to virtually all legal entities with foreign participation that conduct any kind of business in the UAE. Certain entities as described in para.2. above are exempted from the application of the New CCLaw. This raises the question, which law is supposed to be applied instead, given that the Old CCLaw has been replaced and is no longer in force. It will be interesting to see how this legal void will be filled going forward.

3. Companies Operating in Free Zone Companies (Art.5 New CCLaw)

The New CCLaw does not apply to companies established in any of the free zones of the UAE if a special provision to this effect is contained in the laws or regulations of the relevant free zone. However, the New CCLaw shall govern even free zone companies if such free zone laws or regulations permit to conduct the activities of such companies outside the free zone in the territory of the UAE (which, at present, free zone regulations rarely do). Consequently, if the free zone rules and regulations do allow the activities to be conducted onshore and if the free zone company wishes to make use of this option, the New CCLaw applies. All free zone entities should contact the free zone authority to make sure that they are not affected.

Conclusion: This provision seems to be a welcome step to allow business of free zone companies onshore. It further implies the possibility to circumvent the 51:49 ownership rule by establishing a free zone entity under full foreign ownership and which can conduct its activities on the mainland. However, it is still yet unclear how this shall be implemented as in practice the Cabinet must still issue the required Resolution determining the applicable conditions to register such free zone companies to conduct their activities in the UAE outside the free zones.

II. Company Structure:

1. Legal Form:

a) Forms of Companies (Art 9 New CCLaw):

The New CCLaw retains - unlike the DIFC-Rules - the usual common forms of corporate entities:

- Joint Liability Company,
- Simple Commandite Company,
- Joint Venture Company,
- Limited Liability Company,
- Public Joint Stock Company,
- Private Joint Stock Company.

The New CCLaw further applies the concept that a company must be profit orientated. Therefore, the establishment of non-profit companies continues to remain impossible.

b) Single Shareholder Limited Liability Company (Art 71 New CCLaw):

According to the first paragraph of Art 71, it appears that the law still requires that two parties form a company as the Limited Liability Company is defined as

a company where the number of partners is at least two (2). However, the first sentence of the second paragraph seems to allow, as an exception, the establishment of a limited liability company with only one shareholder i.e. "One natural or corporate person may incorporate and hold a Limited Liability Company".

c) Holding Companies (Art 266 New CCLaw):

The new law now allows the formation of a Holding Company as Limited Liability Companies and Joint Stock Companies. This opens the opportunity to establish subsidiaries inside the UAE or abroad or to control existing companies, by holding shares or stocks enabling such company to control the management of the subsidiary and to have influence on the Resolutions of the subsidiary. The name of the company followed by the expression "Holding Company" shall appear on all the papers, advertisements and other documents issued by the Holding Company.

Conclusion: The introduction of the "Holding Company" as legal form as is common in many other jurisdictions and definitely likely to serve as a favorable argument for large corporations looking at Dubai as alternative location to set up a legal presence in the Middle East and seeking the optimal corporate structure for all aspects including tax considerations.

The ambiguous wording of Art 71 New CCLaw concerning the Single Shareholder LLC in our view is an option, which is open to UAE Nationals only.

2. Foreign Ownership Restriction (Art 10 New CCLaw)

The New CCLaw has maintained that the maximum foreign ownership shall be 49% only and that the mandatory requirement of national ownership by one or more UAE partners is not less than 51% of any company established in the UAE.

The new version of the CCLaw, explicitly stipulates that any transfer of shares that would affect the mandatory UAE national ownership of 51% will be invalid.

Previously the Old CCLaw did not allow any assignment where the UAE shareholding would drop below 51 %, but did also not include any provision that any transfer of shares breaching the 51% shareholding would be invalid. Consequently, the rule that only the transfer of the shares will be invalid while the companies continue to exist means, in effect, that share transfer documents, which are drafted to preserve the foreign ownership in excess of the 49 per cent, have no legal value.

Conclusion: As a result the shares, being subject to such agreement, would de lege be owned by the national shareholder. This in spite of any agreements to the contrary where before the ownership of the foreign investor was recognized to the value of his shares even if the company was declared void because of the violation of the mandatory national ownership requirement.

3. Directors' and Managers' Obligations and Responsibilities (Art 22/24 New CCLaw)

The Old CCLaw only stipulated and

imposed quite limited duties and obligations on the directors or managers of LLCs. The New CCLaw now explicitly introduces that:

- a) “a person authorized to manage the company shall preserve its rights and work for the benefit of the company honestly and faithfully. Such person shall do all such acts in agreement with the objective of the company and the powers granted to such person under an authorization issued by the company in this respect” (Art 22 New CCLaw); and
- b) “any provision in the Memorandum of Association or Articles of Association of the company authorizing it or any of its subsidiaries to agree to exempt any person from any personal liability that such person bears in his capacity as a current or former officer of the company shall be void” (Art 24 New CCLaw).

Conclusion: Any provisions in the Memorandum and Articles of Association exempting directors and or managers from liability must be removed in order to comply with the New CCLaw. Further, companies can no longer claim that certain persons, acting on such company's behalf, were, in fact, not authorized, provided that such lack of authorization was unknown to the relevant third party. Art 25 New CCLaw now clarifies:

“The company may not claim non liability to the person dealing with it, on the ground that the authorized manager was not duly appointed in accordance with the provisions of this Law or the Articles of Association of the

company, so long as the acts of such manager is within the usual limits in respect of persons in the same position in companies that conduct the same type of activity as the company.”

4. Companies Registrar (Art 33-38 New CCLaw)

The NewCCLaw introduces the concept of a Companies’ Registrar with the aim to improve the registration of legally required information of a company and provide better access to corporate records. However, the Registrar’s role under the new UAE’s Companies Law is very limited in scope and has no resemblance to the role that a companies’ registrar plays in other, mainly Common Law, jurisdictions. As long as the law restricts the right to inspect and view companies’ records to related parties only and does not grant this access to the public, the role of the Companies Registrar will be limited to supervising the Trade names and Companies Names’ Registry and keeping certain documents.

Conclusion: Although the specific activities and functions of the Companies Registrar are not yet clear and are still subject to a regulation to be issued by the Ministry of Economy, corresponding provisions will have to be included in the Memorandum and Articles of Association.

5. Accounting Records (Art. 26 New CCLaw)

Under the Old CCLaw companies had only limited accounting requirements to observe. The new law has the aim to lift the legal standing of the companies to international standards where the

financial status of a company should be accurately and transparently available at all times, enabling the partners or shareholders to confirm that the accounts of the company are properly kept in accordance with the provisions of the New CCLaw. Hence the New CCLaw provides that every company shall keep its accounting books in its head office for a period of at least 5 (five) years from the end of the financial year of the company, Art. 26.

The company shall prepare annual financial accounts including the balance sheet and the profit and loss account and shall apply the International Accounting Standards and Practices upon preparing its periodical and annual accounts, to give a clear and accurate view of the profits and losses of the company.

The New CCLaw does however allow keeping an electronic copy of the originals of any of the documents saved and kept in it in accordance with the regulations established by a decision of the Minister.

Conclusion: It is to be expected that the bookkeeping and accounts will be checked more frequently, possibly every year at the time of license renewal. Companies are therefore advised to adhere to the accounting requirements and implement necessary changes to comply accordingly.

Part 2 of this Article pertaining to the changes for Limited Liability Companies will be published in a following issue of lex arabiae.

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United Arab Emirates

Substantial Rise for IPRs Registration Fees in the United Arab Emirates

Guiding Principle

The Ministry of Economy in the United Arab Emirates has recently published a list of official fee increases for patent, trademark, design and copyright matters. The increases were made by Ministerial Decision No. 9 of 2015, which appeared in the Official Gazette dated 31 March 2015. The increases come into effect 60 days after publication – namely, on 29 May 2015.

The official fees charged by the UAE Trade Mark Office so far were already possibly the highest of any national trademark office globally, and these are now set to double. So far the official fees charged by the UAE Trade Mark Office for the registration of a trademark in one class were AED 6,000, which is equivalent to approximately USD 1,650. These fees are now set to increase to AED 12,000 (equivalent to approximately USD 3,300).

A. Timing of Increase

The increase in official fees is due to come into effect on 29 May 2015. This increase was announced in UAE Cabinet Decision No. 9 of 2015, which sets out rate increases for a wide range of services provided by the UAE Ministry of Economy. These rate increases are not limited to the protection of intellectual property rights, but also cover charges for matters such as establishing

companies in the UAE and registering commercial agency agreements.

B. Details of Increases

The following table sets out a selection of the increases announced by the UAE Trade Mark Office:

Action	Previous Fee (AED)	New Fee (AED)
Search fee	250	500
Application filing fee	500	1,000
Publication fee	500	1,000
Registration fee	5,000	10,000
Renewal filing fee	5,000	10,000

What remains to be seen is the overall impact of these increases on IP-owning businesses in the UAE. With registered rights playing a key role in the IP lifecycle, the question is what effect the higher cost of obtaining registered rights will have on the creation, commercialisation and protection of IP rights in the UAE.

C. Existing Applications

The provisions of UAE Cabinet Decision No. 9 of 2015 do not make any provision for applications, which have already been filed by the UAE Trade Mark, Patent and Copyright Offices. The increase will apply to any fees, which

fall due on or after 29 May 2015.

The size of the fee increases will no doubt take many by surprise and questions will be asked about their purpose. They may have been intended to raise additional revenue for the UAE government, but if there is a decrease in the number of applications being filed because of the fee increases, revenue may actually decrease. The Ministry may be taking a gamble that the desire for IP registration in the UAE is greater than the deterrent effect of the high costs (possibly now the highest in the world). The extraordinary fee increases in relation to oppositions and appeals do seem to be designed to reduce the number of such cases being filed thereby reducing the Ministry workload and staff costs.

Tarek Jairwdeh
Meyer-Reumann & Partners,
Dubai Office

United Arab Emirates

**Most of Us are Criminals and
Nobody Knows...**

Guiding Principle

The fact that something is common practice does not make it legal: Document falsification in every-day life.

I had hoped that this title would trigger some attention, so thank you very much for reading my article!

This article deals with a form of day-to-day crime that hardly anybody seems to be aware of - the falsification of documents.

Art. 216 of UAE Federal Law No. 3 of 1987 (the "UAE Penal Code") deals with, amongst other things, the falsification of documents. In severe cases, the falsification of documents is punishable by up to 10 years in prison.

This does not apply to you, you think. Well, think again, because such acts of forgery seem to be the norm in the UAE, rather than an exception, and most perpetrators have absolutely no idea that they have just committed a crime.

Let me give you an example: just a few days ago after a routine visit to my doctor, one of the nurses asked me to sign the claim form for my health insurance. Not a problem, you think, apart from the fact that the form was blank, including the part where the doctor puts his or her diagnosis. Try protesting this "standard procedure" and you will be greeted with a mixture of disbelief and annoyance. Yes, by now

you are officially a troublemaker, because you force the nurse to go back to the doctor and the doctor to actually fill in the form before you sign it. What a waste of time, right? Actually not. You have just saved the nurse and/or doctor from committing a crime (again).

Why is that? Surely, this is just a lawyer making up some legal mumbo-jumbo, right.

Not really, actually. If you are asked to sign a document your signature works as your very personal confirmation that you agree with the contents of this particular document. (Yes, this is exactly the reason why any bank and any notary will ask you to sign right next to any handwritten amendment that is being made to the document you are asked to sign)

So how can you confirm your approval of the contents of a blank document? You cannot. Moreover, you should not, because, as in my example with the insurance claim form you can only confirm what is already there. How about the doctor accidentally mixes up your claim form with that of another patient and you have just confirmed the doctor's diagnosis of you being terminally ill while all you actually do have is a mild form of hay fever? So carefully check what you are asked to sign and make sure that there is actually something for you to sign off on!

If you bear in mind that a signature has a legal value and that it legally commits the person signing, it becomes apparent why the falsification of documents is a punishable act. The minute a person makes any changes (and I mean literally ANY changes) to a signed document there is a disconnect between the

signature and the content of the document which the signature is supposed to confirm. Yet, the person signing will most probably not know about it and will be rather surprised once this person is confronted with his or her signature under a document that he or she has never seen before!

Just imagine (and believe me, this happens too!) you think you are purchasing a particular property in the UAE and are asked to "just sign", following which the friendly agent promises to "fill in the rest for you". I am sure you would not be too happy once you find out that the friendly agent, maybe even without any bad intention, accidentally completed the form with the details of another property at double the cost. The agent's mistake? Absolutely, but try proving it! From a legal point of view, you have just purchased a property that you never wanted at a cost that you will never be able to afford. Next step, try finding somebody who feels sorry for you.

Bottom line: signatures do have a legal relevance and there is a very good reason for this being the case. At the same time, stay away from "improving" any document that has already been signed. Take it from a lawyer; it is a punishable act and not just a trivial offence.

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

Saudi Arabia

March 2015: New Changes at the Conditions/Structures for Practicing Contracting in Saudi Arabia

Guiding Principle

The Saudi Arabian General Investment Authority (SAGIA) has issued a new edition of its guide for obtaining a foreign investment license in Saudi Arabia on March 2015. Amongst others, several changes were implemented regulating the conditions for practicing contracting by foreign investors in the Kingdom. The Contracting Sector is one of the prominent sectors in Saudi Arabia that attracts large percentage of the foreign investment. Accordingly, SAGIA is always keen to develop the relevant conditions aiming to raise the quality of the executed projects.

A. Foreign Investment Guide

The Saudi Arabian General Investment Authority (SAGIA) issued a new edition of its investment guide on March 2015. SAGIA issues/amends this guide infrequently, being one of its tasks as stipulated in Article 14 of the Implementing Regulation of the Saudi Foreign Investment Law¹. The guide

¹ The Saudi Arabian Foreign Investment Statute (law), promulgated by the Royal Decree No. M/1 dated 05.01.1421 A.H. corresponding to 10.04.2000 G,

includes the procedures for obtaining the investment license and the necessary information for non-Saudi investors in addition to the granted incentives, benefits and guarantees.

In this context, new conditions/structures were imposed/introduced for practicing contracting by foreign investors in the Kingdom..

B. Contracting Market in Saudi Arabia

The Contracting Sector, being one of the prominent sectors in Saudi Arabia that attracts large percentage of the foreign investment to the Kingdom was recently estimated to be valued up to USD 300 billion. This estimation takes into account the diversity of the size of the infrastructure projects to be implemented in 2015. Other enhancements to the estimate is the entrance of the newly established Ministry of Housing to this field through constructing the housing units, as well as train projects and the development of many airports.

C. New Conditions for Contracting

In an effort to constantly, raise the quality of the projects executed in Saudi Arabia. SAGIA works frequently on developing the conditions for practicing contracting.

The new May 2015 edition of SAGIA's

published at the official gazette "Um Al-Qura" No. 3792 dated 01.02.1421 A.H. corresponding to 05.05.2000 G, in force as of 01.03.1421 A.H. corresponding 03.06.2000 G, abbreviation ("SA-FIL").

investment guide includes the following conditions and new structures for foreign investors desiring to practice or currently practicing contracting:

I. Temporary License to Apply for Governmental Tenders

As per the new guidelines, entities – meeting certain conditions - desiring to be qualified by SAGIA to apply for tenders of the government projects are able to present an application to procure a temporary license, which enables them to apply for the tenders of government projects.

The issued license is valid for one year; thereafter the entity shall obtain a further temporary license valid for the whole period of the contract if the project was awarded to them.

II. Three Years Temporary Contracting Investment License

On the other hand, entities, desiring to enter the market through a permanent subsidiary, shall initially obtain a temporary contracting license valid for three years.

After the lapse of the initial period of three years, the subsidiary shall either renew the license for a further period of three years or transfer the license to a permanent license renewable annually. The license may be transferred to a permanent license after obtaining a classification certificate from the Saudi Ministry of Municipal and Rural Affairs or after meeting certain financial and technical requirements as follows:

- Having no less than four managers at the subsidiary;
- Having no less than twelve engineers, at least 50% of them are Saudi

nationals;

- Having heavy equipment no less than seven equipment;
- Executing five projects with financial value no less than Saudi Riyals 50 million² during the first three years;
- The total value of the assets are no less than Saudi Riyals 10 million;
- The total income is no less than Saudi Riyals 20 million for the last financial year.

Hany Kenawi
Meyer-Reumann & Partners,
Riyadh Office

² €1 = S.R. 4.16, for updated rates kindly visit <http://www.xe.com/>

Iran

Iran Sanctions – Where are We and What should We Expect Next?

Guiding Principle

In 2013, the P5+1 (the United States, Germany, France, the UK, Russia, and China), coordinated by the European Union's High Representative, and Iran entered into negotiations over Iran's nuclear program, and reached an agreement, the so-called Joint Comprehensive Plan of Action (the "JCPOA"), over limited sanctions relief in November 24, 2014. By April 2, 2015, the P5+1 and Iran, following extensive negotiations, had agreed parameters (the "Parameters") for the JCPOA. Whilst the final provisions of the JCPOA have yet to be agreed, the Parameters set out the framework outlining the roadmap for a future agreement surrounding Iran's nuclear program that would include suspension of UN, U.S. and EU nuclear-related sanctions imposed on Iran. The key Parameters, which form the basis of the JCPOA, shall be drafted between now and June 30, 2015. This announcement comes after years of tense and at times hostile relations between the United States and Iran.

A. Introduction

On April 2, 2015, representatives from the United States, the United Kingdom, China, France, the Russian Federation, Germany (collectively, the P5+1), the European Union (EU) and Iran announced the key parameters (the

"Parameters") of the Joint Comprehensive Plan of Action (JCPOA) regarding Iran's nuclear program. Accordingly, EU High Representative Federica Mogherini and Iran's Foreign Minister Javad Zarif issued a joint statement, which was short on detail, but identified the key parameters for the negotiations of the full agreement based on the JCPOA. The key parameters are:

"The EU will terminate the implementation of all nuclear-related economic and financial sanctions and the US will cease the application of all nuclear-related secondary economic and financial sanctions. Simultaneously with the IAEA [International Atomic Energy Agency] they will verify Iran's implementation of its key nuclear commitments."

Currently, the JCPOA lists the basic principles of a deal, and the parties are committed to proceed by keeping these principals in mind. The JCPOA is skeletal and preliminary, and key details regarding the timing and scope of sanctions relief are already in dispute between Iran and the United States. Therefore, the deal is not yet final, and work still remains for its implementation. Further details are likely to emerge in the coming weeks as the parties aim to negotiate the full JCPOA and its technical annexes by June 30, 2015.

The tentative deal could collapse if the P5+1 and Iran are unable to agree on the final details listed in the JCPOA. Once finalized and implemented, the final agreement based on the JCPOA would lead to the lifting of nuclear-related sanctions by the U.S. and the EU against Iran. However, if at any time Iran fails to

fulfill its commitments, these sanctions will snap back into place.

With regard to timing, there is no clear indication within the Parameters when a relief from the sanctions shall happen; it is simply stated that relief will be introduced "after the IAEA has verified that Iran has taken all of its key nuclear-related steps". The worldwide echo is mostly positive. Most sources hope and belief, something will happen.

For the moment, the sanctions regime is unchanged and the JCPOA's does not directly grant any reliefs. Under the 2014 JCPOA, sanctions relief targeted the petrochemical, automotive, precious metals, civil aviation, crude oil export and humanitarian sectors. These could potentially be sectors for further reliefs. Although the United States will maintain several categories of sanctions tied to other non-nuclear foreign policy concerns, EU sanctions against Iran are linked principally to its nuclear program and could therefore be more comprehensively lifted.

B. The Key Parameters

I. Iran's Commitments under Announced JCPOA

Under the JCPOA, Iran has agreed - always provided that a final agreement is reached - to reduce, suspend, and/or cease certain uranium enrichment and nuclear-capability development activities and has agreed to certain international monitoring procedures. Key elements, Iran has agreed, are as follows:

- Iran has agreed to reduce its installed centrifuges capable of enriching uranium by approximately two-thirds. Any future enrichment research and development will be subject to an

agreed-upon development plan submitted to the IAEA.

- Iran will reduce its stockpile of low-enriched uranium to 300 kilograms for the next 15 years.
- An international joint venture will assist Iran in redesigning and rebuilding a modernized heavy water research reactor in Arak, which will support peaceful nuclear research and radioisotope production. No other heavy-water reactor will be built in Iran for a period of 15 years.
- Iran will give the IAEA regular access to all sites and to Iran's nuclear supply chain, and it will allow the use of advanced monitoring techniques.
- A dedicated procurement channel will be established to monitor and approve the supply, sale, or transfer to Iran of nuclear-related and dual-use materials and technologies.

II. Proposed Relaxation of UN Sanctions

In return for Iran's commitments under the JCPOA, all nuclear-related UN Security Council Resolutions are to be lifted, simultaneously with Iran's completion of certain (non-specified) actions addressing the key concerns covered by the JCPOA.

Core provisions in United Nations Security Council resolutions dealing with the transfer of sensitive technologies and activities to Iran will be reestablished by a new resolution that will endorse the JCPOA and urge its implementation and incorporate the agreed restrictive measures on Iran for a mutually agreed period of time. Restrictions on conventional arms and ballistic missiles, as well as provisions

that allow for related cargo inspections and freezing assets, will be incorporated into the final agreement.

In addition, based on the agreed Parameters, a dispute-resolution process will be specified, which enables any JCPOA-participant to seek to resolve disagreements about the performance of JCPOA commitments. If an issue of significant non-performance cannot be resolved through that process, then all previous UN sanctions could be re-imposed.

III. Proposed Relaxation of EU Sanctions

As mentioned earlier, the joint statement issued by the EU High Representative and the Iranian Foreign Minister says that the EU "will terminate the implementation of all nuclear-related economic and financial sanctions".

This may therefore involve the suspension of the majority of the restrictions set out in EU Regulation 267/2012 (as amended) (although this Regulation includes certain restrictions on military goods which may remain in force as they are human right/ballistic missile-related). EU Regulation 359/2011 (which relates to human rights) appears more likely to remain in place. We expect further information on which EU restrictions are to be lifted to become available as and when the detailed provisions of the JCPOA are agreed.

IV Proposed Relaxation of U.S. Sanctions

The Parameters state that U.S. "nuclear-related" sanctions will be suspended after the IAEA has verified that Iran has

taken all of its key nuclear related steps as specified in the JCPOA. It confirms that U.S. sanctions against Iran regarding terrorism, human rights abuses and ballistic missiles will remain in place. It is less easy to readily divide all U.S. sanctions currently in place between nuclear- and terrorism/human rights/ballistic missile-related measures so as to predict which will be lifted. We expect that further information on this will become available as and when additional details of the JCPOA are agreed between all parties.

On April 3, the Office of Foreign Assets Control (OFAC) issued guidance relating to the announcement of the Parameters. This confirms that the Parameters do not immediately relieve, suspend or terminate any sanctions on Iran and that all US sanctions (other than the relief agreed to in November 2013) remain in place and will continue to be vigorously enforced.

The broad outline of the deal appears to be suspension of most U.S. secondary sanctions (sanctions programs aimed at transactions by non-U.S. persons conducted outside U.S. jurisdiction), though the basic prohibition on transactions with Iran within U.S. jurisdiction will remain. Please note that is not entirely clear whether and which secondary sanctions are "nuclear-related", but it is anticipated that secondary sanctions against major economic sectors such as energy, shipping, automobiles, and banking would be lifted. Moreover, it is anticipated that transactions within U.S. jurisdiction, including U.S. dollar transactions, involving an Iranian interest will remain prohibited, as they

were imposed long before nuclear-related sanctions were implemented.

C. Considerations for International Business Transactions

The April 2, 2015 JCPOA reflects a major step towards into a new era of trade and business with Iran. This deal has raised, for the first time in many years, the real prospect of Iran opening up to the West, with plenty of potential to whet the appetite of foreign investors. Newspapers are reporting a flood of business executives rushing to Tehran in the quest for early-mover advantage.

Nevertheless, companies that are subject to US and/or EU sanctions should ensure that they continue to comply with all restrictions currently in force in relation to Iran. The temporary sanction relief reached on November 24, 2013 being part of the JCPOA continues until June 30, 2015. Foreign investors and business men should make sure that all aspects of any potentially sanctionable transaction are avoided before June 30, 2015, including financial transactions.

It is time to get ready!

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