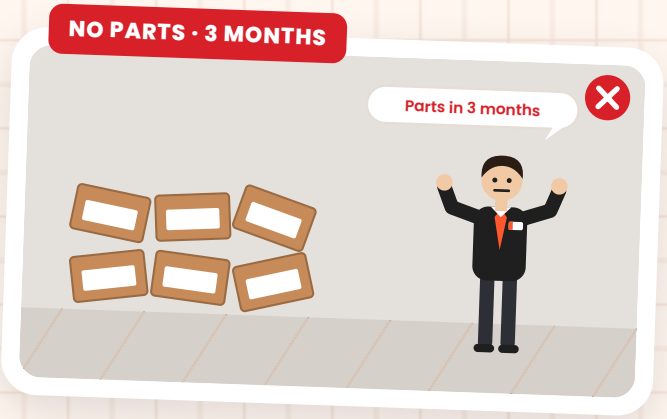
• UP TO AED 400,000 · LICENCE REVOCATION Agency registration, ownership, parts & after-sales

Commercial Agencies Compliance Guidebook for Automotive Companies

Registration, ownership, spare parts, after-sales and termination: what the 2022 Commercial Agencies Law requires of UAE car agents, **and why an unregistered agency isn't legally recognised.**





AED 400K
fine for a **fourth** commercial agency violation.

51%
minimum UAE national ownership for PJSC agents.

Jun 2023
new Commercial Agencies Law in force.

5 standards · 15 checkpoints · Federal Law 3/2022 · CD 89/2023 · Right way / wrong way · Ideal fix time

Dec 2022 Law issued → **Jun 2023** Law in force → **2023** Penalty decision 89 → **Registered or unprotected.**

WHY THIS GUIDEBOOK EXISTS

Your agency is only as strong as its registration.

The **Commercial Agencies Law (2022)** reserves agency activity for UAE nationals, requires registration with the Ministry, and expects agents to provide spare parts and after-sales service. Violations are fined from **AED 5,000 up to AED 400,000**, with suspension or revocation.

This guidebook covers the 5 agency standards every UAE car distributor should audit.

WHERE AGENCY RISK SITS

Registration
Every brand registered
AG-01

Ownership
UAE national rule
AG-02

Parts
Availability and price
AG-03

After-sales
Network across territory
AG-04

Changes
Termination and disputes
AG-05

Customers
Linked consumer law
CP book

WHO'S INVOLVED

MoET
Ministry of Economy & Tourism
Register, penalties, licences

Agencies Committee
Cabinet-formed
Agency disputes

Principals
Manufacturers
Contract terms and performance

Courts / arbitration
Dispute resolution
Compensation claims

WHO IT'S FOR

Owners & managing directors
Protect the agency's legal status.

Parts & aftersales directors
Meet service obligations.

Legal & auditors
Check register, ownership and contracts.

ESCALATING FINES, THEN THE LICENCE

Unregistered means unprotected.

Under Cabinet Decision 89/2023, agency violations start at **AED 5,000** and escalate with each repeat to **AED 400,000**, with licence suspension or revocation. An unregistered agency can't be enforced at all.

THE PENALTY LADDER

LEVEL 1
AED 5,000
First violation.

LEVEL 2
Escalating
Each repeat costs more.

LEVEL 3
AED 400,000
Fourth violation.

LEVEL 4
Revocation
Licence suspended or revoked.

REAL CASES FROM US AUTOMOTIVE BUSINESSES

WHO	RESULT	WHAT HAPPENED
Federal Law 3/2022 In force Jun 2023	**New regime**	National ownership, mandatory registration, Committee for disputes.
Cabinet Decision 89/2023 Penalties	**AED 5K–400K** escalating	Ownership and approval breaches, suspension and revocation.
Transition protection Law 3/2022	**10 years** for long-standing agents	Where the agency is 10+ years old or investment exceeds AED 100M.

FIRST BREACH
AED 5K
Starting point of the escalation.

FOURTH BREACH
AED 400K
Plus suspension or revocation.

AND THEN
No agency
Unregistered agencies **can't be enforced**.

HOW TO USE THIS GUIDE

One page per standard. Stay registered.

1. **Header**: code, area, owner and the maximum penalty
2. **The law**: which regulator and which regulation
3. **The cost**: fine, what else can happen and a real case
4. **Right / wrong**: illustrated pass and fail, plus how to audit

THE 5 STANDARDS

AG-01	Agency Registered with MoET	Art. 3–4	SEVERE	AED 5K–400K	◷ 30 days	5
AG-02	UAE National Ownership Maintained	Art. 5	SEVERE	AED 5K–400K	◷ 30 days	6
AG-03	Spare Parts Available	Art. 9	SEVERE	AED 5K–400K	◷ 7 days	7
AG-04	After-Sales & Warranty Network	Art. 9	SEVERE	AED 5K–400K	◷ 30 days	8
AG-05	Agency Changes Handled Lawfully	Art. 11–14	SEVERE	AED 5K–400K	◷ 30 days	9

IDEAL FIX TIME · COUNTED FROM AUDIT SUBMISSION

◷ 7 days	Fix within 1 week · records, notices, training	**1 standard**
◷ 30 days	Plan and close within 1 month · policies and systems	**4 standards**

SCORING EACH CHECKPOINT

PASS

Every criterion met at the time of audit, with evidence captured.

FAIL

Any criterion not met at the time of audit. Record what you saw and who owns the fix.

N/A

Only where "Applies when" rules it out. Record why.

Note. Fine amounts are from Cabinet Decision 89/2023 as reported. Check the exact schedule for each violation with MoET.

AG-01 COMMERCIAL AGENCIES · MOET · STANDARD 01 OF 05

Agency Registered with MoET

Area **Head office · Legal** | Person in charge **Legal Counsel · Managing Director**

Regulator **MoET**

MAXIMUM PENALTY

AED 400,000

maximum for a 4th violation

First violation from **AED 5,000**, escalating · licence **suspension or revocation**

• SEVERE

THE LAW

CAL

Federal Law No. 3 of 2022 Regulating Commercial Agencies (in force 16 Jun 2023) · **Cabinet Decision No. 89 of 2023** (penalties) · **Federal Law 3/2022**: agencies must be registered in the Ministry's register to be recognised

WHAT WE CHECK

Every brand the dealer distributes as agent is registered in the Ministry's commercial agency register, with the registration current and matching the agency contract.

CHECKPOINTS IN THE AUDIT

- Q1 Is every agency agreement registered with MoET?
- Q2 Do the register details (brands, products, territory) match the contract?
- Q3 Are renewals and changes filed on time?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Cabinet Decision 89/2023 sets fines starting at **AED 5,000** and escalating with each repeat, up to **AED 400,000** for a fourth violation.

BEYOND THE FINE

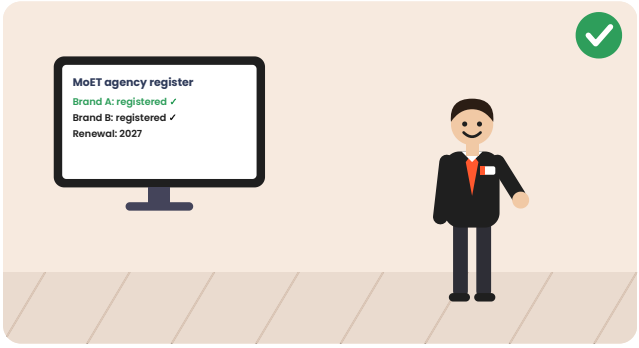
MoET can **suspend or revoke** licences. An agency that isn't registered is **not legally recognised**, so it can't be enforced, and in a dispute the Ministry can authorise another supplier.

REAL ENFORCEMENT

16 Jun 2023

Federal Law 3/2022 took effect, replacing the 1981 law, with new rules on ownership, registration and termination.

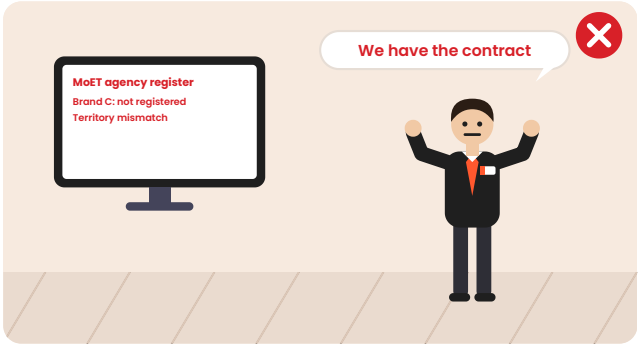
✔ RIGHT WAY



Every brand registered, details match.

✖ WRONG WAY

UP TO AED 400K



A new brand distributed without registration.

PURPOSE

An unregistered agency has no legal protection: the principal can walk away and you can't enforce exclusivity.

FIX IT WITHIN

30 days

AUDIT CRITERIA · PASS WHEN

- All agencies registered
- Details match contracts
- Changes filed

IDEAL WAY OF AUDITING

1. Compare the MoET register with contracts
2. Check expiry dates

Evidence: Register extracts + contracts.

WORST CASE Operating without approvals is fined from **AED 5,000** up to **AED 400,000**, and the agency isn't legally protected.

AG-02 COMMERCIAL AGENCIES · MOET · STANDARD 02 OF 05

UAE National Ownership Maintained

Area **Head office** | Person in charge **Managing Director · Legal Counsel** | Regulator **MoET**

MAXIMUM PENALTY

AED 400,000

maximum for a 4th violation

First violation from **AED 5,000**, escalating · licence **suspension or revocation**

• SEVERE

THE LAW

CAL

Federal Law No. 3 of 2022 Regulating Commercial Agencies (in force 16 Jun 2023) · **Cabinet Decision No. 89 of 2023** (penalties) · **Federal Law 3/2022**: agency activity reserved to UAE nationals and companies wholly owned by nationals (or PJSCs with ≥51% national capital)

WHAT WE CHECK

The company holding the agency meets the ownership rule: wholly owned by UAE nationals, or a public joint-stock company with at least 51% national ownership, and changes are monitored.

CHECKPOINTS IN THE AUDIT

- **Q1** Does the agency-holding entity meet the UAE national ownership requirement?
- **Q2** Are share transfers checked against the rule before they happen?
- **Q3** Is any foreign principal exception approved by the Cabinet?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Cabinet Decision 89/2023 sets fines starting at **AED 5,000** and escalating with each repeat, up to **AED 400,000** for a fourth violation.

BEYOND THE FINE

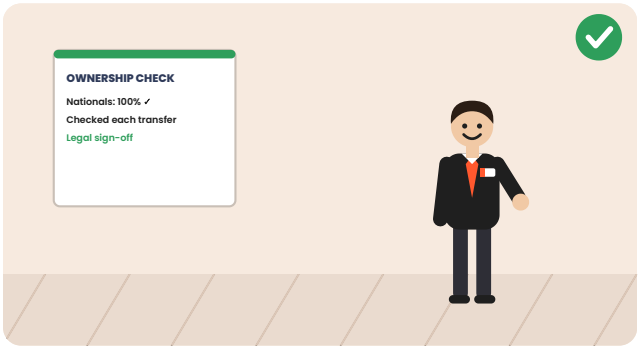
MoET can **suspend or revoke** licences. An agency that isn't registered is **not legally recognised**, so it can't be enforced, and in a dispute the Ministry can authorise another supplier.

REAL ENFORCEMENT

AED 400K

top fine under Cabinet Decision 89/2023 for a **fourth** commercial agency violation, plus licence suspension or revocation.

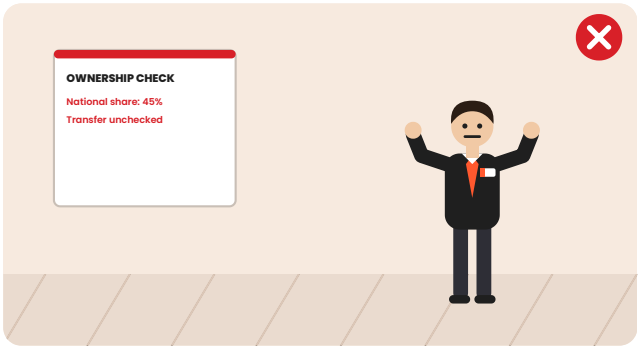
✔ RIGHT WAY



Ownership rule met and checked.

✖ WRONG WAY

UP TO AED 400K



National ownership fell below the threshold.

PURPOSE

Ownership breaches are specifically listed in the penalty decision.

FIX IT WITHIN

30 days

AUDIT CRITERIA · PASS WHEN

- Ownership compliant
- Transfers pre-checked
- Exceptions approved

IDEAL WAY OF AUDITING

1. Review the shareholder register
2. Check recent transfers

Evidence: Shareholder register.

WORST CASE Ownership breaches are fined **up to AED 400,000** and can lead to **licence revocation**.

AG-03 COMMERCIAL AGENCIES · MOET · STANDARD 03 OF 05

Spare Parts Available

Area **Parts** | Person in charge **Parts Manager** | Regulator **MoET**

MAXIMUM PENALTY

AED 400,000

maximum for a 4th violation

First violation from **AED 5,000**, escalating · licence **suspension or revocation**

• SEVERE

THE LAW

CAL

Federal Law No. 3 of 2022 Regulating Commercial Agencies (in force 16 Jun 2023) · **Cabinet Decision No. 89 of 2023** (penalties) · **Federal Law 3/2022** agent obligations to provide spare parts and after-sales service · Consumer Protection Law

WHAT WE CHECK

The agent keeps spare parts available for the models it sells for the period the law and warranty require, and supplies them within a reasonable time and at reasonable prices.

CHECKPOINTS IN THE AUDIT

- Q1 Are spare parts available for all current and recent models?
- Q2 Are back-order times tracked and kept reasonable?
- Q3 Are parts prices published and not excessive?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Cabinet Decision 89/2023 sets fines starting at **AED 5,000** and escalating with each repeat, up to **AED 400,000** for a fourth violation.

BEYOND THE FINE

MoET can **suspend or revoke** licences. An agency that isn't registered is **not legally recognised**, so it can't be enforced, and in a dispute the Ministry can authorise another supplier.

REAL ENFORCEMENT

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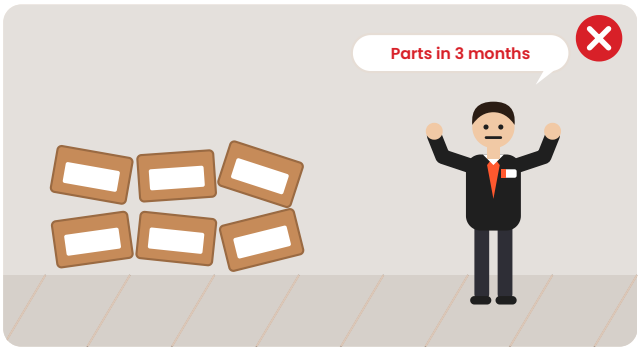
✔ RIGHT WAY



Stocked shelves and tracked back-orders.

✖ WRONG WAY

UP TO AED 400K



Empty shelves and a 3-month wait.

PURPOSE

Parts shortages keep customers' cars off the road and generate both agency and consumer complaints.

FIX IT WITHIN

◷ 7 days

AUDIT CRITERIA · PASS WHEN

- Parts availability tracked
- Back-order times reasonable
- Prices published

IDEAL WAY OF AUDITING

1. Run a back-order report
2. Check fill rate
3. Compare prices

Evidence: Parts KPIs.

WORST CASE Parts failures can bring **agency penalties** and **consumer fines of AED 100,000+** per case.

AG-04 COMMERCIAL AGENCIES · MOET · STANDARD 04 OF 05

After-Sales & Warranty Network

Area **Aftersales** | Person in charge **Aftersales Director** | Regulator **MoET**

MAXIMUM PENALTY

AED 400,000

maximum for a 4th violation

First violation from **AED 5,000**, escalating · licence **suspension or revocation**

• SEVERE

THE LAW

CAL

Federal Law No. 3 of 2022 Regulating Commercial Agencies (in force 16 Jun 2023) · **Cabinet Decision No. 89 of 2023** (penalties) · **Federal Law 3/2022** after-sales service obligations

WHAT WE CHECK

The agent provides maintenance and warranty service across its territory, with workshops, trained technicians and tools for the brands it sells.

CHECKPOINTS IN THE AUDIT

- Q1 Does every emirate in the territory have access to authorised service?
- Q2 Are technicians trained and tools current for the models sold?
- Q3 Is warranty work handled consistently across the network?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Cabinet Decision 89/2023 sets fines starting at **AED 5,000** and escalating with each repeat, up to **AED 400,000** for a fourth violation.

BEYOND THE FINE

MoET can **suspend or revoke** licences. An agency that isn't registered is **not legally recognised**, so it can't be enforced, and in a dispute the Ministry can authorise another supplier.

REAL ENFORCEMENT

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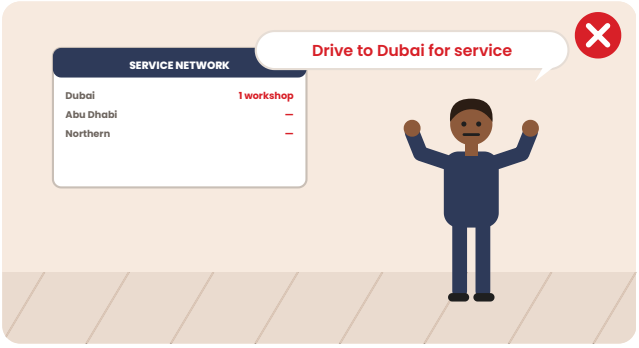
✔ RIGHT WAY



Service coverage across the territory.

✖ WRONG WAY

UP TO AED 400K



No authorised service outside Dubai.

PURPOSE

The law expects high-level after-sales service, not just car sales.

FIX IT WITHIN

30 days

AUDIT CRITERIA · PASS WHEN

- Territory covered
- Technicians trained
- Consistent warranty handling

IDEAL WAY OF AUDITING

1. Map service points against the territory
2. Check training records

Evidence: Network map + training.

WORST CASE Poor after-sales can bring agency fines and repeated **consumer fines of AED 300,000+**.

AG-05 COMMERCIAL AGENCIES · MOET · STANDARD 05 OF 05

Agency Changes Handled Lawfully

Area **Head office · Legal** | Person in charge **Legal Counsel** | Regulator **MoET**

MAXIMUM PENALTY

AED 400,000

maximum for a 4th violation

First violation from **AED 5,000**, escalating · licence **suspension or revocation**

• SEVERE

THE LAW

CAL

Federal Law No. 3 of 2022 Regulating Commercial Agencies (in force 16 Jun 2023) · **Cabinet Decision No. 89 of 2023** (penalties) · **Federal Law 3/2022** termination, non-renewal and the Commercial Agencies Committee

WHAT WE CHECK

Terminations, non-renewals and disputes follow the law: correct notice, the transition protections, and referral to the Commercial Agencies Committee or arbitration, with no disruption to customers.

CHECKPOINTS IN THE AUDIT

- Q1 Are terminations and non-renewals done with the correct notice under the law?
- Q2 Are transition protections (2 or 10 years) respected where they apply?
- Q3 Are disputes taken to the Committee or arbitration rather than self-help?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

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BEYOND THE FINE

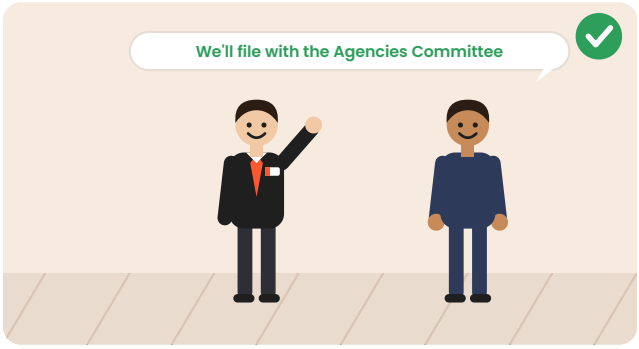
MoET can **suspend or revoke** licences. An agency that isn't registered is **not legally recognised**, so it can't be enforced, and in a dispute the Ministry can authorise another supplier.

REAL ENFORCEMENT

10 years

transition protection for agents with 10+ years or over **AED 100M invested** in the agency.

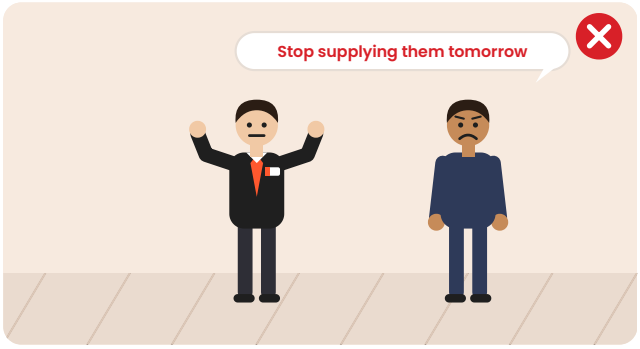
✔ RIGHT WAY



Dispute taken to the Committee.

✖ WRONG WAY

COMPENSATION



Supply cut off overnight.

PURPOSE

Getting termination wrong can mean compensation claims and supply disruption the Ministry has to step in on.

FIX IT WITHIN

30 days

AUDIT CRITERIA · PASS WHEN

- Correct notice
- Transition rules applied
- Committee or arbitration used

IDEAL WAY OF AUDITING

1. Review recent terminations
2. Check notice periods

Evidence: Termination files.

WORST CASE A wrongful termination can bring **compensation claims** worth years of agency income.

CHECK THE REGISTER BEFORE THE PRINCIPAL DOES

Your 30-day agency action plan.

Today

Re-audit the site in 30 days.

This week

- [ ] **AG-03** Spare Parts Available
  ◷ 7 days

This month

- [ ] **AG-01** Agency Registered with MoET
  ◷ 30 days
- [ ] **AG-02** UAE National Ownership Maintained
  ◷ 30 days
- [ ] **AG-04** After-Sales & Warranty Network
  ◷ 30 days
- [ ] **AG-05** Agency Changes Handled Lawfully
  ◷ 30 days

?/5 Count your passes. Registration and ownership fails can put the **whole agency** at risk.

SOURCES

- MoET: New commercial agency law and its role in the business environment · moet.gov.ae
- Pinsent Masons: UAE introduces stricter fines for commercial agency violations · pinsentmasons.com
- Federal Law No. 3 of 2022; Cabinet Decision No. 89 of 2023 · uaelegislation.gov.ae

Disclaimer. For compliance-audit guidance only; not legal advice. Agency agreements need specific legal review.

AUDIT SIGN-OFF

DEALERSHIP / SITE	AUDITOR	DATE	SCORE __ / 5

BRANCH / DEALER PRINCIPAL SIGNATURE

COMPLIANCE LEAD SIGNATURE