A unified form

Of a contract for commercial distribution

(Original or Secondary)

On this day --------------- corresponding to / / in --------- City

It was agreed between

1- ----------------- His residence (or his headquarter):------

   Holder of Commercial Register no. ------ dated ----------- City:-------

   Represented in this contract by Mr. ------------------------------

   His nationality: ------------------------ , First Party

2- ---------------------------------- His residence/headquarter: -------------

   Holder of Commercial Register nr. ----- dated --------- City: -----------

   Represented in this contract by Mr. -------------

   Second Party:-----------------------------

Prelude:

Based on both parties desire to form a business between them to serve their mutual interests and determining the rights and obligation of each party towards the other.

Whereas the first party has products or services that he wishes to promote/through a number of distributors.

And based on the desire of the second party to selling or promoting or distributing the products or services of the first party in his capacity as a distributor the two parties have agreed to the following:
Item (1): The previous prelude is considered part and parcel of this contract.

Item (2): The two parties have agreed that the second party, in his capacity as a distributor of the first party’s products or services to conclude contracts regarding the products or services subject of this contract in his name and for his personal account.

Item (3): The subject of this contract is the products and services provided by the first party as hereunder specified:

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Or demonstrated in the appendix attached to this contract number ------- which could be modified from time to time in the contract’s addendum:

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Item (4): The geographic area for the validity of this contract is determined by

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(It is to be clarified whether it is general for the Kingdom of Saudi Arabia or is exclusive for a certain area which could be modified from time to time in the contract’s appendix.

Item (5): The validity of this contract is ------- years starting from ------- and ending by------- renewable to similar periods unless either party serves the other, at least three months before the end of the original period or the renewed period, a written registered letter expressing in it his desire to terminate the contract.

Item (6): The two parties shall execute the contract according to its rules and in conformity with the rules of commercial traditions and in a manner that conforms to the requirements of good intent. This obligation includes what is considered of the contract requirements according to commercial practices.
Item (7): The first party guarantees the good quality of production of all materials and products subject of this contract. He is also obliged to provide maintenance and spare parts at reasonable prices at times and quantities demanded by the second party throughout the period of the distribution contract and for a subsequent year that follows the contract’s termination date or to the date of appointing another distributor whichever comes first.

Item (8): The first party guarantees the good quality of products and materials subject of contract and its conformity with standard specifications adopted in the Kingdom, the agent is not responsible for receiving or distributing any quantities coming from the first party in violation of required standard specifications, if it was proofed to relevant parties the existence of violations to specification, the goods shall be returned back to the first party at his own cost in addition to the second party’s right to claim suitable compensation for the damages befallen him.

Item (9): The second party is committed to the following:

a- Provide the premises at which he commences distribution activities and practicing work with his own staff exerting the attention of a keen man. In case the second party requests the assistance of the first party, the two parties agree on that including the cost of that effort on case by case basis.

b- Performing all the works required for the execution of the contract such as introducing the goods and promoting and marketing them and finding the suitable places to storing them (opening distribution centers) should the need arise for that and providing local services within the geographical area determined for the contract.

Item (10): The second party deserves from the first party commission in the amount of of the value of items sold in the contract’s area.

Item (11): the first party is committed to the following:

a) To return back the money spent by the distributor in the course of executing the contract according to what they have agreed upon.

b) Providing the distributor with spare parts for the products which were not subject to new modifications for the year that follows the product’s modification.
c) Providing the second party with advertising material and organizing the installment sale in a manner that is compatible with second party’s financial and credit capabilities.

d) Training second party’s employees and technicians on serving the products.

e) Purchasing the stored new products (unused) which stay with the distributor in case of terminating the contract by virtue of a written notice before the expiration of the contract’s period by ------ days not exceeding SR --------- and at a restoring fee that reaches -----% and to consider purchasing the inventory whose value exceeds the mentioned amount without obliging him to do that.

f) Notifying the distributor before changing the products prices at least by ------ days.

Item (12): The distributor has the right to claim compensation for the damage befallen him according to contract or commercial practices in the following conditions:

   a) If the first party withdrew the contract in an un-suitable time or for a reason beyond the distributor’s control.

   b) If the first party refuse to renew the period of the distribution contract after the expiration of its original period – despite all violating agreements – should the distributor prof that his efforts lead to obvious success in distributing the products of first party or in increasing the number of his clients and that the non-renewal lead to the distributor loss of profits or commission resulting from that success unless the first party proofs that that non-renewal of contract is related to strong causes justifying that.

   c) Should the first party violate any of the commitments stated in the commercial agents system or in this contract.

Item (13): The first party has the right to claim compensation for the damage befallen him according to contract or commercial traditions.

Item (14): Disputes resulting from the execution of this contract and were not possible to solve them amicably between the two parties are solved through arbitration according to the arbitration system issued by Royal Edict number 46 dated 12/7/1403H.

Item (15): This contract shall be governed by the rules of systems valid in the Kingdom of Saudi Arabia.
Item (16): This contract has been made of three copies, each party kept one copy for observation during his work. The second party shall submit the third copy to the Ministry of Commerce to complete registration procedure in the commercial agencies register.

First Party  Second Party (Distributor)

Name:  Name:
Signature  Signature: