

# **Implementing Regulation for Regulating the Licensing of Foreign Law Firms**

Minister of Justice Decision No (186)

25/1/1444 AH

**Decision No. (186) dated 25/1/1444 AH**

**The Minister of Justice:**

Based on the powers vested in him by law, and after reviewing Article (42) of the Code of Law Practice issued by Royal Decree No. (M/38) dated 28/07/1422 AH, and after reviewing paragraph (1) of Clause (II), and paragraph (1) of Clause (IV) of the Council of Ministers' decision No. (386) dated 14/7/1443 AH, and after coordinating with the relevant authorities, and reviewing the studies prepared in this regard, and for the public interest.

**Decides the following:**

**First:** Approving the (Implementing Regulation for Regulating the Licensing of Foreign Law Firms), in the attached form.

**Second:** Extending the corrective period for lawyers engaged with foreign offices under cooperation agreements or the like for an additional period of (nine) months.

**Third:** Repealing Article No. (5/10) of the Implementing Regulation of the Code of Law Practice, issued by Ministerial decision No. (1517) dated 5/5/1439 AH.

**Fourth:** This decision shall be published in the Official Gazette and shall take affect from the date of its publication.

**May Allah grants Success.**

**Minister of Justice**

**Walid bin Mohammed Al-Samaani**

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# Implementing Regulation for Regulating the Licensing of Foreign Law Firms

## GENERAL PROVISIONS

### ARTICLE I:

The following words and phrases, wherever mentioned in this Regulation, shall have the meanings indicated in front of each of them, unless the context otherwise requires:

- **Law:** The Code of Law Practice.
- **Regulation:** The implementing regulation for Regulating the Licensing of foreign law firms.
- **Ministry:** Ministry of Justice.
- **Minister:** Minister of Justice.
- **Association:** Saudi Bar Association.
- **Competent Department:** The competent department in the Ministry.
- **Profession:** The Law Practice profession as stipulated in Article (1) of the Law.
- **Office:** The foreign law firm licensed to practice the profession in the Kingdom in accordance with the provisions of the law.
- **License:** The license granted to the foreign law firm to practice the profession in the Kingdom in accordance with the provisions of the law.
- **List:** The list of foreign law firms licensed to practice the profession in the Kingdom stipulated in Article (49) of the Law.
- **Non-Saudi Consultant:** The consultant registered in the list of non-Saudi consultants.
- **List of non-Saudi consultants:** The list stipulated in paragraph (2) of Article (41) of the Law.

## **LICENSING CONDITIONS AND PROCEDURES**

### **ARTICLE II:**

Subject to the provisions of Article (45) of the Law; In order to obtain the license, there must be no final judgment against the foreign law firm in a crime that impugns integrity, or a final decision in a serious professional violation; in any country in which it practices the profession - except where a minimum period of five years has elapsed since the execution of the said judgment or decision.

### **ARTICLE III:**

In achieving the minimum stipulated in paragraph (3) of Article (45) of the Law, the following shall be taken into account:

- 1- The country in which the office is represented or in partnership shall be an economically developed country in accordance with the relevant international indicators and benchmarks.
- 2- To approve the representation or partnership in the country or territory, such representation or partnership shall entitle it to practice the profession in that country or region; and that the office has a headquarters in that country or region in which the number of employees practicing law is not less than (three).

### **ARTICLE IV:**

For the purposes of calculating the period stipulated in paragraph (2) of Article (45) of the Law, the years of incorporation of the most senior office shall be taken into account in the event of mergers or acquisitions.

### **ARTICLE V:**

The partner representing the office in the Kingdom - as stipulated in paragraph (4) of Article (45) of the Law - is required to:

- 1- To be licensed to practice the profession in accordance with the provisions of the Law or any other foreign law regulating the Practice of Law Profession.
- 2- To have experience in the relevant nature of work for a period of not less than (ten) years; of which (three) years after obtaining a license to Practice the Law Profession.
- 3- Must not have been sentenced a final judgment in a crime that impugns integrity; or a final decision in a serious professional violation in any country in which it practices the profession - except where a minimum period of five years has elapsed since the execution of said judgment or decision.

### **ARTICLE VI:**

- 1- The appointment period of the partner representing the office in the Kingdom shall be calculated according to the calendar year.

2- In the event that the partner is unable to reside or if there is a desire to replace it, the office must nominate an alternative partner who meets the conditions and requirements for appointing the partner stipulated in the Law and Regulations; Provided that this does not affect the office's fulfillment of the period stipulated in Paragraph (4) of Article (45) of the Law.

#### **ARTICLE VII:**

The foreign law firm submits the license application electronically, accompanied with the following:

- 1- The Authorization of its legal representative to apply for a license to practice the profession in the Kingdom.
- 2- Its license documents at the headquarters and its license documents at other branches.
- 3- License to practice the profession for the partner who represents the office in the Kingdom, and proof of his partnership and previous experience.
- 4- Acknowledgment of not have been sentenced a final judgment or decision against it or its representing partner in a crime that impugns integrity or serious professional violations.
- 5- Obtaining a license from the competent authority to grant foreign investment licenses in the Kingdom.

#### **ARTICLE VIII:**

- 1- The Office may not practice the profession before membership registration in the Saudi Bar Association, and establishing a headquarters to practice the profession.
- 2- The office shall notify the competent department upon fulfilling the requirements stipulated in paragraph (1) of this article before practicing the profession.

#### **ARTICLE IX:**

The list includes the following data:

- 1- Name, license and contact details of the foreign law firm.
- 2- The form that the Office has taken to practice the profession, the basic data of the partners - if any- and their contact details.
- 3- License number, its date, and expiry date.
- 4- The headquarters' address of practice of the profession.
- 5- Any other data specified by the competent department.

The Office shall notify the competent department of any change in its data within a period not exceeding fifteen (15) days from the date of the change.

**ARTICLE X:**

The application for license renewal must be submitted not less than ninety (90) days before its expiry date, and it shall be submitted in accordance with the provisions and procedures governing its issuance stipulated in the law and the regulation.

**ARTICLE XI:**

If the Lawyers' Registration and Admission Committee stipulated in Article (5) of the Law rejects the license application or its renewal, the applicant for the license or its renewal may file an appeal against the rejection of his application with the Board of Grievances within sixty (60) days from the date on which he is notified of the decision adopted by the Committee.

**OFFICE LEGAL FORM AND SCOPE OF PRACTICE**

**ARTICLE XII:**

If the office takes the form of a professional company with one or more Saudi lawyers recorded in the list of practicing lawyers, the company must comply with the following:

- 1- One of the Saudi partners shall have an experience in the nature of work for period of not less than seven (7) years.
- 2- One of the Saudi partners or shareholders shall be a director of the company, and a non-Saudi director may be appointed, provided that the representation of the Saudi partners or shareholders licensed to practice the profession in the Board of Directors, as the case may be, is not less than (a quarter) of the votes represented in the Board.

**OFFICE OBLIGATIONS**

**ARTICLE XIII:**

In order to achieve its obligations stipulated in Article (52) of the Law, the office is obligated to the following:

- 1- The number of Saudis practicing works of a legal nature in the office shall not be less than the localization rates specified for Saudi law firms and professional companies in accordance with the regulations and decisions governing this.
- 2- The Office should develop an annual work plan for knowledge transfer and training, which include, at a minimum, the commitment of the Office to:
  - A- Provide twenty (20) training hours annually for each employee in the office who carries out works of a legal nature.
  - B- Approve a policy for the Secondment of Saudi employees to the office headquarters or its branches.

C- Implement a program to prepare Saudi employees for career development in the technical and administrative routes.

D- Implement a program to train university graduates and recent graduates in works of a legal nature.

E- Contribute to the creation or sponsorship of scientific and professional conferences, seminars and events in the Kingdom.

3- Active engagement of Saudi employees in the work of the Office's units and departments and in its projects in the Kingdom.

4- The value of consultancy works referred abroad the kingdom shall not exceed (30%) of the value of the Office's total consultancy works per year, and this percentage is not counted in consultancy works related to non-Saudi Laws for a service related to a work outside the Kingdom.

#### **ARTICLE XIV:**

The Office shall provide the competent department, upon its request, with approved financial statements, an annual report showing its commitment to the knowledge transfer and training plan, and any data or reports for the purpose of verifying the office's legal obligations.

#### **TEMPORARY LICENSE**

#### **ARTICLE XV:**

The granting of the temporary license shall be limited to providing consultations for specific or specialized projects needed by the Kingdom, where similar expertise is not sufficiently available in the Kingdom. The following provisions and procedures shall be observed in the temporary license:

1- The foreign law firm will not be granted more than one temporary license per year, except for an exceptional need after the approval of the Minister.

2- The application for a temporary license shall be submitted to the Ministry electronically after obtaining a license from the competent authority to grant foreign investment licenses in the Kingdom. The office requesting temporary license is required to meet the licensing conditions for the office, except for the conditions related to residence, and the conditions and requirements related to taking a legal form for practicing the profession in the Kingdom.

3- A letter from the project owner is submitted in conjunction with the application for a temporary license, requesting to contract with the foreign law firm, and what indicates that the project is a specific or specialized project.

#### **ARTICLE XVI:**

The Temporary Licensed Office shall comply with the following:

1- To take the necessary measures to ensure that it and its employees working in the project abide by the Rules of Professional Conduct for Lawyers, and the Professional Ethics mentioned in the Law, its implementing regulations and related Laws, and the professional standards that do not contradict therewith in the country in which it is licensed to practice law profession.

2- Not to provide any service beyond the scope of the license granted to it.

3- To assign at least (10%) of the project works of a legal nature to a Saudi licensed to practice the profession, and the percentage is calculated according to the value of works.

4- To submit a report to the competent department at the end of the project indicating the services provided, and any data specified by the competent department.

#### **NON-SAUDI CONSULTANT**

#### **ARTICLE XVII:**

Without prejudice to the provisions of Article (3) of the Law, the licensed may not seek the assistance of a non-Saudi consultant in the Kingdom in the profession works except after his registration in the list of non-Saudi consultants.

#### **ARTICLE XVIII:**

It is a condition for the acceptance of the license to practice the profession in accordance with the provisions of any other foreign Law - as stipulated in paragraph (A/1) of Article (41) of the Law; the criteria for licensing therein shall not be less than the criteria required for practicing the profession in the Kingdom.

#### **ARTICLE XIX:**

1- The licensee shall submit an application to register the non-Saudi consultant in the list of non-Saudi consultants to the Ministry electronically accompanied with the employment contract and a proof of fulfilling the registration conditions.

2- The list of non-Saudi consultants includes: the consultant name, his nationality, his contact details, the licensee who works for, his contact details, and any data specified by the competent department.

3- The licensee must notify the competent department of any change in the data of the person registered in the list of non-Saudi consultants working for it within a period not exceeding fifteen (15) days from the date of the change.

#### **ARTICLE XX:**

The non-Saudi consultant who is registered in the list of non-Saudi consultants must abide by the Rules of Professional Conduct for Lawyers and the Professional Ethics mentioned in the Law and its implementing regulations and related regulations, and the competent department may remove his name from the list in the event that he violates

his obligations stipulated in the Law, regulation, Rules of Professional Conduct for Lawyers or related Laws.

**ARTICLE XXI:**

If the contractual relationship of the registered in the list of non-Saudi consultants ends, the licensee must notify the competent department within a period not exceeding fifteen (15) days from the date of the end of the contractual relationship, and the registration of the non-Saudi consultant shall be canceled within thirty (30) days from the date of the end of the contractual relationship - unless another licensee submits an application to continue the registration accompanied with the employment contract -.

**VIOLATIONS AND DISCIPLINE**

**ARTICLE XXII:**

The Office's violations shall be governed by the provisions and procedures stipulated in the Law and its implementing regulations, discipline rules, and filing and hearing the disciplinary action, in proportion to the nature of the license granted to it.

**FINAL PROVISIONS**

**ARTICLE XXIII:**

The competent department shall - after the approval of the Minister - issue the procedural guide and forms necessary to implement the Law and the Regulation.

**ARTICLE XXIV:**

The Regulation shall be published in the Official Gazette and shall take effect on the date of its publication.

**-End of the Regulation-**