



Saudi Arabia E-Commerce Law of 2019



Who will be affected?

➤ Any e-commerce merchant with KSA customers

The law applies to e-commerce merchants registered in KSA, but significantly also applies to overseas businesses that offer products and services in KSA by enabling KSA consumers to have access.

➤ Scope

Any activity or business that is conducted between a service provider and a consumer, in part or in whole, through an electronic medium for the sale of:

- Products
- Provision of services
- Advertising of the same
- Exchange of data

What type of business will be affected?

- Providers of apps with paid-for elements
- Online retail stores
- Online services providers
- Any entity that engages in online advertising

What are the main issues?

There are four main categories that the E-commerce Law covers.

1 Consumer data

Consumer data

The law addresses the collection, use and retention of Consumer Data and states that:

"the Service Provider may not keep the personal data or electronic communications of the Consumer except for the period required by the nature of the E-Commerce transaction and shall take the necessary measures for protecting and maintaining the confidentiality of the same during the period of keeping such data."

This implies that data collected for a transactional purpose cannot be used for any other purpose (e.g. marketing) without specific consent (see below).

- The liability of protecting the Consumer's personal data or electronic communications is placed on the Service Provider, and it extends to data which is in the,

*"custody or under the control of entities with which he deals or with their agents' i.e. third parties."*¹

- The Service Provider must obtain prior consent from the Consumer in order to,

"utilize or disclose the Consumer's personal data or electronic communication"

and the Service Provider is prohibited from using such data for

"unauthorized or unpermitted purposes, with or without a charge, unless under a consent of the Consumer to whom such data pertains or so required under relevant laws."

¹ The executive regulations (yet to be published) are expected to give more clarity and specify the type of personal data that is considered confidential by the E-commerce Law and the manner in which it is to be maintained depending on its significance

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2 Disclosure of information

Disclosure of information

The Service Provider is required to disclose a minimum set of information on the E-Store through which the transaction is being carried out. This information includes person or entity name, contact details, commercial registration details, etc.

- The Service Provider is also required to provide the Consumer with a statement of the terms and conditions of the contract to be concluded. These must address a list of information, including the procedure of entering into and concluding the contract, the main characteristics of the products or services, arrangements relevant to payment and delivery, details of warranties, and others. An invoice must be provided to the Consumer setting out the costs of purchase of the product or service, the total price inclusive of all fees, taxes or additional amounts relevant to the delivery, if any, and the date and place of delivery.

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Electronic advertising

Any electronic advertising of the product or service offered is considered part of the contractual agreement between the parties and is binding on both parties.

- Any electronic advertising carried out by a Service Provider must include:
 - a Name of the advertised product or service;
 - b Name of the Service Provider and its distinctive data;
 - c Contact details of the Service Provider; and
 - d Any other data determined by the Executive Regulations.
- It is prohibited to advertise (i) a false offer, statement or allegation or phrased in such a manner as to directly or indirectly deceit or mislead the Consumer; and (ii) a logo or trademark utilised unlawfully by the Service Provider, or a counterfeit trademark, i.e. IP infringing content. If any advert violates the provisions summarised then the ministry can oblige the Service Provider to remove the advert.

3 Electronic advertising

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Termination of the contract

The Consumer may terminate the Contract in the following circumstances:

- Within seven days following the date of receiving the product or concluding the contract,

"as long as the Consumer has not utilised or gained any benefit from the product or service provided by the Service Provider."

The Consumer will still bear the costs incurred due to the termination (for example return delivery fees) unless otherwise agreed upon by the parties to the Contract²; and

- If the Service Provider delays the delivery or performance of the contract for a period of more than 15 days (unless another period has been agreed), the Consumer may cancel and receive a full refund. This does not apply if the delay is due to a force majeure event. The Service Provider is obligated to inform the Consumer of any such anticipated delays.

4 Termination of the contract

² Note that there are exceptions to this ability to terminate listed under subsection (2) of Article 13 of the E-commerce Law.

Penalties

Penalties that can be issued by the ministry for violating the provisions of the E-commerce Law are:



Issue the violator a warning



Permanent or temporary blocking of the violating website / E-Store, in whole or in part, until such violation is rectified or a decision is made in its regard



Impose a fine of no more than one million riyals (**SAR 1,000,000**)



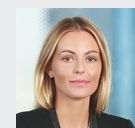
Permanent or temporary suspension of conducting e-commerce

Contact

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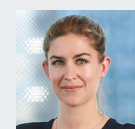
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