Chapter One
Definitions and General Provisions

Article 1
Subject to the provisions of Article 1 of the Law, the following terms and phrases – wherever mentioned in this Regulation – shall have the meanings assigned thereto unless the context requires otherwise:

Law: Finance Lease Law.
Regulation: Implementing Regulation of the Finance Lease Law.
SAMA: Saudi Arabian Monetary Agency.
Contract: Finance lease contract.
Lessor: A joint stock company licensed to offer finance lease, including commercial banks.
Lessee: A person holding the right to use the leased asset under a contract.
Leased asset: Any asset that can be leased, including real estate, movables, rights, services and intangible rights such as intellectual property rights.
Contract register: A register for finance lease contracts concluded or executed in the Kingdom, sales contracts resulting from finance lease and any amendments thereto in accordance with the provisions of the Law.
Contract registration company: a joint stock company in charge of the registration of finance lease contracts.
Securitization: Issuance of securities against lessor’s rights.

Article 2
Subject to the provisions of Article 2 of the Law and the Finance Companies Control Law as well as other applicable laws, finance lease shall be deemed a business upon fulfilment of the following:
1. The lessor's acquiring of the leased asset is intended for leasing it to a third party as a finance lease; and
2. The volume of finance lease activities exceeds the threshold stipulated by SAMA.

Chapter Two
Contract

Article 3
The lessee may, upon a written consent by the lessor, assign the contract to another lessee. The lessor shall, within not more than 10 business days of the assignment date, record his consent in the contract register. The lessor's refusal to give consent shall be reasoned.

Article 4
The lessor may assign his rights under the contract without the consent of the lessee, unless the contract stipulates otherwise. In all cases, the following shall be fulfilled in the event of assignment:
1. It shall not be detrimental to the lessee;
2. It becomes effective on the date of recording in the contract register;
3. It does not relieve the lessor from obligations under the contract; and
4. If it results in change in the recipient of the lease payments, such change shall be enforceable against the lessee from the date of notification.

Article 5
If the leased asset requires inspection by the lessor, the inspection means, time and duration shall be specified in the contract or one of its appendices, provided this is not detrimental to the lessee or restricts his use of the leased asset.

Article 6
1. The lessee shall promptly notify the lessor in writing or electronically of any change in the leased asset that entirely or partially preclude enjoyment thereof, using the contact details provided in the contract and in accordance with applicable notification rules.
2. If the lessor fails to remove any obstacles to full or partial enjoyment of the leased asset within the period prescribed in the contract, the lessee may take the appropriate measures for the protection of the leased asset and the full enjoyment thereof at the lessor’s expense, deducting the costs of such measures from subsequent lease payments.

Article 7
1. In case of issuance of securities against the lessor’s rights in accordance with regulations and rules issued by the Capital Market Authority, the lessor remains obliged to promptly disclose to SAMA any technical, commercial, legal, or other risks related to the contract, the leased asset, or the issuance of securities against the lessor’s rights.
2. The lessor remains obliged to ensure compliance with all related supervisory requirements.

Article 8
The lessor or his designee may obtain the license referred to in Article 13 of the Law if obtaining such license is a condition for concluding the contract. In such case, the licence shall include the name of the lessee in possession of the leased asset.

Article 9
1. If the lessee has the right to ownership or promise thereof, the contract shall include a payment schedule determining the lease value of the asset and the value of the right of ownership separately. The installment for any period of the contract term shall not be less than the lease value of the asset for such period.
2. Without prejudice to the provision of Article 9(1) of the Law, in case of rescindment or termination of the contract during the lease term upon the mutual consent of the parties or by pursuant to the provisions of the contract or law, the lessee may recover the amount representing the value of ownership right for the period paid.
3. The lessor shall be entitled to insurance indemnity, if any.

Article 10
1. SAMA may set standards for finance lease contracts in a way that ensures the integrity of the financial system, fairness of transactions, and achieve the objectives of the Law and this Regulation.
2. SAMA may set standardized finance lease contracts that take into account the rights of concerned parties.
3. To ensure fairness of the conditions for obtaining finance lease products, the lessor shall, prior to launching these products, obtain a no objection letter from SAMA.

**Article 11**
If a lessee opts, at any time, to own the leased asset under the contract, he may be entitled to early ownership of the leased asset by concluding a separate sale or grant annex to the contract upon early payment of the remaining installments, and without incurring the term cost for the remaining period of the contract. The lessor is entitled to compensation for the following:

1. Reinvestment cost not exceeding the term cost for the three months subsequent to early ownership; and
2. Expenses stipulated in the contract, made by the lessor to a third party, if such expenses are irrecoverable, for the remaining term of the contract.

As an exception, the contract may provide for a restriction period barring early ownership if the subject of contract is a real estate and such condition results in a deduction from the term cost, provided such restriction period does not exceed two years from the date of contract conclusion.

**Chapter Three**

**Contract Register**

**Article 12**
1. Upon obtaining the approval of SAMA, the lessors shall incorporate one joint stock company or more for the purpose of registering finance lease contracts in accordance with the most advanced means and best practices and providing secure access to the data in the contract register in accordance with the provisions of the Law and this Regulation.
2. Subject to the provisions of the Companies Law, SAMA shall determine the capital of the contract registration company. SAMA may require the founders to provide a study determining the capital of the company.
3. Subject to the provisions of the Companies Law and the Capital Market Law and their Regulations, ownership of shares of the contract registration company shall be divided among the lessors as stipulated by SAMA. Shares of lessors losing their licences shall be divided among existing lessors based on the percentage of their ownership in the company. Such division shall be based on the share fair value at the time of every amendment. The capital of the contract registration company may be increased or decreased, upon a written approval from SAMA.
4. Entry and withdrawal of partners shall be pursuant to a no objection letter from SAMA.
5. The Chairman and members of the board of directors of the contract registration company as well as senior executives, the head of the contract register and registrars shall be appointed upon obtaining a no objection letter from SAMA, and they may be released from their posts pursuant to a reasoned decision by SAMA in case of breach of their legal or professional duties.

**Article 13**
The contract registration company shall distribute profits in accordance with the Companies Law upon obtaining a no objection letter from SAMA.
Article 14
Fees for services offered by the contract registration company shall be determined by a resolution issued by SAMA upon a proposal by the Company based on a technical study detailing the economic and commercial bases for determining such fees.

Article 15
1. The contract registration company shall set up a contract register in accordance with the Law and this Regulation.
2. The lessor shall register the contract and any amendments thereto in the contract register within ten business days from the date of conclusion of the contract or amendment thereof. All transactions affecting the contractual rights of the lessor and the lessee shall be entered into the contract register.
3. The contract registration company shall be responsible for:
   (a) registering contracts and amendments thereto;
   (b) registering the transfer of the rights of finance lease contracts through securitization;
   (c) disclosing data of the contract register to licensed finance entities, with the written consent of the lessor; and
   (d) registering ownership contracts resulting from the finance lease contracts upon attestation of ownership transfer – if the leased asset is a real estate – at the authorities in charge of real estate registration (courts and notaries public).
4. SAMA shall issue a decision determining the powers of the head of the contract register and the registrars.

Article 16
The head and registrars of the contract register shall satisfy the following:
   1. Be a Saudi national;
   2. Have not been convicted of a crime impinging upon honour or integrity; and
   3. Have not been dismissed from service by a court ruling or a final disciplinary decision, unless rehabilitated in accordance with applicable laws and rules.

Article 17
A contract registrar shall:
   1. perform assigned duties in his place of work. He may, upon the approval of the head of the contract register, perform such duties at the lessor’s location and at the lessor’s expense;
   2. verify the identity of the contracting parties or their representatives by examining their national identity cards or Iqama (residence permit); and
   3. verify the competency of the contracting parties or their representatives and their capacity to enter into a contract.
A contract registrar shall have an official seal for stamping transactions.

Article 18
All documents and declarations issued by a contract registrar shall be in the Arabic language. A document written in a language other than Arabic may be attested, upon translation by an accredited translator; in such case, both the original document and the translation shall be attested.

Article 19
The contract registration company shall maintain and classify all contract registers necessary for recording transactions as determined by SAMA.
Article 20
Electronic means may be utilized for contract registration. SAMA may determine any other procedures or means for such registration.

Article 21
The head of the contract register shall be in charge of registration. He may receive applications for registration and any amendments thereto and refer the same to a registrar for processing. Registration shall be carried out in accordance with the Law and this Regulation. If a registrar refuses to record, attest or certify a document, the parties concerned may appeal against such refusal before the contract registration company, and then before SAMA. If such appeal is rejected, they may resort to the competent court.

Article 22
1. For the purposes of this Regulation, the following documents shall be deemed proof of ownership of the leased asset:
   (a) Real estate title deed;
   (b) Asset ownership document;
   (c) Customs card;
   (d) Intellectual property registration certificate; or
   (e) Purchase invoice.
2. Other documents may be accepted as proof of ownership and other requirements may be imposed by SAMA.

Article 23
For the purpose of proving registration of the ownership document, the contract registrar shall affix the seal on the asset ownership document and the contract, providing the entry number. In case of documents that cannot be sealed, such as real estate title deeds, the registrar shall take necessary action.

Article 24
The following shall be recorded in the contract register:
1. Particulars of contracting parties and their representatives, their official addresses, including the lessee's name, personal data, lessor's name, contact information and license details;
2. A detailed description of the leased asset, including its name, serial number, production date, and country of origin, as applicable, as well as details of asset ownership document;
3. Details of the insurance coverage of the leased asset, if any;
4. Contract term;
5. Lease amount and method of calculation and payment;
6. Written consent of the contracting parties to disclose contract register data; and
7. Provisions of ownership and possession of the leased asset.

Article 25
1. The head of contract register shall issue an official document named "Registered Finance Lease Contract" which includes data recorded in the contract register.
2. A registered finance lease contract shall be deemed an enforcement document pursuant to Article 9(7) of the Enforcement Law.
Article 26
Upon securitization of the rights arising out of the contract, the lessor shall record in the contract register the number of the decision of the Capital Market Authority approving securitization. A copy of the approval shall be kept as a reference for the contract registrar's endorsement.

Article 27
The contract register, including all data and information therein, is the property of SAMA.

Article 28
If SAMA licenses more than one company to register contracts, such companies shall, under the supervision of SAMA, take the necessary measures to ensure the integration, exchange and protection of the contract register data.

Article 29
Records shall be kept in the contract register for a period of not less than ten years from the expiration date of obligations under the contract.

Article 30
Subject to the provisions of the Law and this Regulation, the Governor shall, in agreement with the Minister of Justice, issue a decision stipulating procedures for recording contracts in the register, details required for such recording, and provisions and procedures for access to the contract register by third parties.

Article 31
The finance lease contract shall be subject to the provisions of the Law and the Real Estate Finance Law and their Regulations if the purpose of the contract is dwelling ownership by a natural person.

Article 32
This Regulation shall enter into force on the date of publication in the Official Gazette.