**License Application for Banking Business**

**In The Kingdom of Saudi Arabia**

|  |  |
| --- | --- |
| **Applicant Name:** |  |

|  |  |
| --- | --- |
| Address this form to:Saudi Central Bank (SAMA)General Department of Banking ControlBanking Licensing DivisionLevel 3, SAMA building 2PO Box 2922 Riyadh KSA 11169E-mail : BankingLicenseApp@sama.gov.sa | For official use only |
|  |

Table of Contents

[Prescript 2](#_Toc533320064)

[Part 1 - General Details 3](#_Toc533320065)

[1. Type of License 4](#_Toc533320067)

[2. Applicant identification 4](#_Toc533320068)

[3. Applicant details and Legal Status 4](#_Toc533320069)

[4. Applicant Fit and Proper 6](#_Toc533320070)

[Part 2 - Business Details and Risk Control Framework 8](#_Toc533320071)

[5. Financial Soundness 9](#_Toc533320073)

[6. Risk Management & Controls 10](#_Toc533320074)

[7. Management and Control 10](#_Toc533320075)

[8. Financial crime and Anti-Money Laundering (AML) 15](#_Toc533320076)

[9. Human and IT Resources 17](#_Toc533320077)

[Part 3 - Checklist and Attachments 20](#_Toc533320078)

[Part 4 – Acknowledgement 24](#_Toc533320084)

# Prescript

* This form should be completed by all applicants seeking grant of a banking license in the Kingdome of Saudi Arabia (KSA).
* Applicant refers to the entity (person, natural or juristic) seeking a banking license in KSA. For foreign bank branch.
* The application should be completed by the parent entity. Parent entity in this form is used only with respect to a foreign branch application and refers to the Parent of the branch.
* All questions must be answered in full and abbreviations avoided.
* Where financial details are required, all figures must be expressed in Saudi Riyal (SAR). When converting foreign currencies to SAR as at a reporting date, use the relevant accounting standards.
* Dates must be provided in the following format: dd/mm/yyyy.
* Answers and all supporting documents must be in Arabic or English. (It is the applicant’s responsibility to ensure the accuracy of any translation and you may consider certification by a professional translator.)
* Answers must be type written and any additional pages attached if necessary. And make sure that attachments are clearly labelled and securely attached.
* Every part of the form should be completed. If any question is not relevant, state not applicable, and, if appropriate, give brief reasons. If this is not done, the application may be treated as incomplete.
* The completed form should be signed by two signatories as per SAMA Banking Licensing Guidelines and Minimum Criteria.

**Submitting this form**

* The completed form should be submitted to the Saudi Central Bank (SAMA) via the physical and e-mail addresses shown in the front page of this application form.

The Licensing Guidelines can be found under the link below:

[http://www.sama.gov.sa/en-us/licensingrequirements/pages/banklicenses.aspx](http://uat.sama.gov.sa/en-us/licensingrequirements/pages/banklicenses.aspx)

# Part 1

# General Details

**Applicants are advised to read SAMA’s Banking Licensing Guidelines and Minimum Criteria and other Statutory Regulations and Prudential Standards prior to completing this application form. The Licensing criteria, Prudential Standards and the Statutory Laws are all available in SAMA’s website.**

## 1. Type of License sought (Locally incorporated/Foreign bank Branch)

## 2. Applicant identification

**2.1** Name of applicant*.*

**2.2** Name of main contact in the applicant for this application (this is the person SAMAwill contact about the application).

**2.3** Job title of main contact.

**2.4** Office address of main contact.

**2.5** Telephone number of main contact.

**2.6** Email address of main contact.

## 3. Applicant details and Legal Status

**Structure and Ownership**

**3.1** Is the applicant a member of a group?

Yes [ ]  (attach a group structure chart).

No [ ]

**3.2** Details of ownership, including name, percentage holding, address, country of incorporation, registration number, principal activities.

**3.3** Is the applicant or its group subject to consolidated supervision (if foreign bank branch application)?

Yes [ ]

No [ ]

**3.4** If license is for foreign bank branch, state the applicant’s overseas regulator, its address and details of the main contact there (relationship manager/direct supervisor).

**3.5**  List all individuals who are members of the governing body of the parent entity and detail any significant business interests they have**.**

**3.6** Is the applicant or parent of the applicant listed on a stock exchange? If yes, state the exchange(s) on which it is listed.

Yes [ ]

No [ ]

**Auditor (For applicant parent). This section applies to foreign bank branch applicants only.**

**3.7** Name of audit firm**.**

**3.8** Address of audit firm.

**3.9** Name of the partner responsible for the audit relationship with the applicant.

**3.10** Telephone number of audit partner.

**3.11** Email address of audit partner.

**3.12** Date of appointment of auditor.

**3.13** Name of any professional body of which the auditor is a member.

## 4. Applicant Fit and Proper

**4.1** Is the applicant or applicant’s parent or any of its officers, or any related entity or any of its officers, currently or ever been, the subject of any government, regulatory, civil or criminal investigation, or been involved in disciplinary proceedings?

Yes [ ]

No [ ]

If yes, provide full details.

**4.2** Is the applicant or applicant’s parent or any of its officers, or any related entity or any of its officers, currently or ever been the subject of any penalty, sanctions, regulatory fine or disciplinary orders by any government department or agency?

Yes [ ]

No [ ]

If yes, provide full details.

**4.3** Has the applicant or applicant’s parent or any related entity in any country or jurisdiction, ever been wound up, put into liquidation, ceased trading, placed in receivership or administration or negotiated a settlement with its creditors?

Yes [ ]

No [ ]

If yes, provide full details.

**4.4** Does the applicant or applicant’s parent or any related entity, have any outstanding debts (i.e. due but unpaid), awards or judgements against it?

Yes [ ]

No [ ]

If yes, provide full details.

**4.5** Has the applicant or applicant’s parent, or any related entity, ever had a license revoked, or been refused a license, by an overseas regulator, or voluntarily withdrawn an application to an overseas regulator for such a license?

Yes [ ]

No [ ]

If yes, provide full details.

# Part 2

# Business Details and Risk Control Framework

## 5. Financial Soundness

**General information**

**5.1** Provide the applicant’s parentaccounting reference date.

**Financial forecasts and additional information**

**5.2** Attach the following supporting documents relating to the applicant.

* An opening balance sheet.
* A profit and loss forecast, including a forecast of gross income, for the first 3 years after licensing.
* A forecast balance sheet for each of the first 3 years after licensing.
* A forecast cash flow statement for each of the first 3 years after licensing
* A forecast capital requirement including forecast capital adequacy ratio for each of the first 3 years after licensing, including a sensitivity/stress testing analysis (for locally incorporated only).
* Credit rating from at least three credit rating agencies for the past 3 years (for the parent if foreign branch application).
* Total capital adequacy ratio for the past three years (for the parent if foreign branch application).
* Audited Financial Statements of the bank for the past five years, and the annual report of the last year (for the parent if for branch application). Also provide Audit Engagement Letter.
* Main financial indicators for the past five years (for the parent if for branch application) – Should include at least the following; ROE, ROA, Net Interest Margin, Asset Quality Ratios and Cost to Income Ratio.
* Zakat/ tax certificate (where applicable).

**5.3** Detail any material (as per the accounting standards) assets, liabilities or contingencies not set out in the financial statements above.

## 6. Risk Management & Controls

**General information**

**6.1** Provide details of proposed staffing levels, responsibilities and reporting lines of the risk function.

**6.2** Provide details of what risk monitoring and risk reporting the applicant or applicant’s parent (for foreign bank applications) plans to undertake.

**6.3** Provide detail, or attach to this application, a risk management plan/policies or manual covering how the applicant or applicant’s parent (for foreign bank branch applications)will evaluate and mitigate key risk areas.

## 7. Management and Control

**Allocation of responsibilities**

**7.1** Describe the proposed allocation of responsibilities between the applicant’s board and senior management.

**7.2**  Detail proposed mechanisms for reporting to the applicant’s board or to the applicant’s parent (for branch applications).

**7.3** Detail any governing body committees that are in place or that will be established and describe how they will oversee the applicant’s activities.

**7.4** Describe how duties are, or will be, segregated between functions of a risk taking and risk management nature.

**Compliance function and arrangements**

**7.5** Detail, or attach with this application, a job description for the individual who will perform the compliance oversight function.

**7.6** Will the applicant have a compliance committee? Detail how the applicant’s governing body or the applicant’s parent (if branch application) will be updated on compliance issues.

Yes [ ]

No [ ]

**7.7** Detail, or attach an organization chart showing the compliance department’s reporting lines, staffing levels, experience required and responsibilities.

**7.8** Detail the compliance plan to be implemented by the applicant or applicant’s parent (for branch applications).

**7.9** Has the applicant performed a gap analysis of its proposed compliance arrangements with conformity to the SAMA’s rules? If yes, Detail the main findings. If no, confirm when such an analysis will be carried out.

Yes [ ]

No [ ]

**7.10** Does the applicant or the applicant’s parent (for branch applications) have a compliance manual and procedures in place? If yes, attach a copy with this application. If no, confirm when a compliance manual and procedures will be in place and detail the areas to be covered.

Yes [ ]

No [ ]

**7.11** Detail the procedures that are, or will be, put in place to monitor, capture and implement any legislative or regulatory changes.

**7.12** Detail procedures for compliance staff training.

**7.13** Describe how compliance breaches will be identified, remedied and followed up.

**7.14** Will the compliance function be subject to independent review and audit? If no, explain how the compliance department will be reviewed.

Yes [ ]

No [ ]

**Complaints Handling**

**7.15** Does the applicant or applicant’s parent (if foreign bank branch application) have complaints handling policy in place? If yes, attach a copy with this application. If no, confirm when such procedures will be in place and what they will cover**.**

Yes [ ]

No [ ]

**Business Continuity Management (BCM) and Disaster Recovery Planning (DRP)**

**7.16** Does the applicant or the applicant’s parent (for foreign bank branch applications) have business continuity and disaster recovery procedures in place? If yes, attach a copy with this application. If no, confirm when the procedures will be implemented and describe their main features.

Yes [ ]

No [ ]

**7.17** Will the applicant’s parent (for foreign bank branch applications) business continuity and disaster recovery procedures be integrated into wider group procedures? If yes, describe how this will be achieved and who will be responsible for its implementation, and attach a copy of the group‘s procedures with this application.

Yes [ ]

No [ ]

**Outsourcing**

**7.18** Will any aspect of the applicant’s business processes be subject to outsourcing, either to an external third party entity, or to a parent or other group entity?

Yes [ ]

No [ ]

If yes, state and or/provide

* The functions/services to be outsourced
* The business processes to be outsourced
* Gap analysis against SAMA’s Outsourcing Rules

**7.19** Detail the procedures that are in place or proposed to decide the selection and appointment of outsourcing service providers.

**7.20** Explain the rationale behind the decision to outsource business processes.

**7.21** Detail the contingency plans that are in place or proposed to cover instances when *outsourcing* service providers are unable or unwilling to provide the outsourced processes.

**Monitoring and audit (This section is for locally incorporated bank applicants only)**

**7.22**  Detail the proposed mandate, structure, scope, staffing, reporting lines and the regularity of reporting for the Internal Audit Function. And explain how the applicant intends to review its systems, procedures and controls.

**7.23** Detail the proposed mandate, structure, scope, reporting lines and the regularity of reporting for the Audit Committee.

**7.24** Detail proposed policies on how internal audit or review findings will be followed up to ensure that recommended improvements have been implemented.

**Employees and training**

**7.25** Does the applicant or applicant’s parent (for branch applications) have, or intend to have, a staff-training handbook? If yes, provide a copy with this application. If no, state how the applicant’s employees will be made aware of their obligations.

Yes [ ]

No [ ]

**7.26** Detail the applicant’s or the applicant’s parent policy on staff training and describe how such needs are identified and addressed and the budget to be allocated.

## 8. Financial crime and Anti-Money Laundering (AML)

**Anti-money laundering procedures**

**8.1** Has the applicant or applicant parent performed a gap analysis of its current or proposed anti-money laundering processes with conformity to SAMA’s rules? If yes, detail the main findings. If no, state when the analysis will be carried out.

Yes [ ]

No [ ]

**8.2** Does the applicant have anti money laundering policies and procedures in place that also has a job description for the AML officer? If yes, attach a copy with this application. If no, state when such policies and procedures will be in place and the main areas they will cover.

Yes [ ]

No [ ]

**8.3** Detail, or attach an organization chart showing the reporting lines, staffing levels, experience and responsibilities of proposed anti-money laundering function’s staff.

**8.4** Detail proposed procedures for obtaining and keeping sufficient evidence of the identity of customers(Know Your Customer).

**8.5** Will current or proposed Anti-Money Laundering (AML) policies, procedures, systems and controls be subject to independent review and audit? If no, explain how these functions will be monitored.

Yes [ ]

No [ ]

**8.6** State what anti-money laundering training will be provided to staff and how employees will be made aware of procedures for the internal reporting of suspicious transactions.

**8.7** Detail proposed procedures for monitoring and detecting suspicious transactions

**8.8** Will such suspicious transactions monitoring proposed procedures be automated? If yes, detail the IT resources that will be devoted to the procedures and explain how the system’s effectiveness will be tested.

Yes [ ]

No [ ]

**8.9** Detail the applicant’s or applicant’s parent (for foreign bank branch applications) proposed arrangements for ensuring that it obtains and makes proper use of sanction lists or findings issued by

* The Government of KSA or any government departments in KSA
* The Financial Action Task Force (FATF)

**8.10** Is the country where the applicant’s parent is located a member of Financial Action Task Force (on Money Laundering) (FATF)?

Yes [ ]

No [ ]

**8.11** If no, has the applicant assessed that the country is in compliance with the recommendations of FATF? Detail the assessment process carried out and explain how the applicant has compensated for any deficiencies in that country’s compliance with FATF recommendations, if any.

Yes [ ]

No [ ]

**Prevention of market abuse and financial crime**

**8.12** Detail what procedures are or is proposed to monitor the applicant’s dealing or customer facing (sales) functions to prevent market abuse.

**8.13** If fintech services will be a significant feature of the applicant’s business, detail the level of experience of the proposed staff that will be involved.

**8.14** Detail the IT security that is or is proposed to combat cyber fraud

## 9. Human and IT Resources

**9.1** Does the applicant have, or intend to have, a dedicated human resources function?

Yes [ ]

No [ ]

**9.2** Detail how staffing requirements are or will be assessed and monitored on a continuing basis.

**9.3** Detail what background checks are carried out or will be carried out on potential approved individuals and who is responsible for ensuring these are carried out on a consistent basis.

**9.4** Detail how the competence and capability of potential approved individuals will be assessed and who is or will be responsible for making the assessment.

**9.5** Detail how the continuing competence of approved individuals will be assured.

**IT systems and technical resources**

**9.6** Detail the information technology (IT) systems the applicant has or proposes to have in place and how they will support its activities.

**9.7** Describe or demonstrate schematically how the proposed applicant’s or applicant’s parent IT systems will support the transaction flows detailed in the business plan submitted with this application.

**9.8** Will the applicant’s proposed IT systems interface with another group member or parent entity? If yes, describe how such access will be defined.

Yes [ ]

No [ ]

**Accounting System**

**9.9** Detail the proposed accounting system that the applicant will use or the applicant’s parent (for branch applications) uses, or intends to use, the proposed processes for recording business transactions and reporting to customers, SAMA and parent.

**Settlement Systems**

**9.10** Detail the proposed systems the applicant uses (for foreign bank branch applications), or intends to use, for physical settlement or clearing of transactions with third parties.

**9.11** Detail the applicant’s or applicant’s parent proposed settlement and clearing policies and controls.

**9.12** Detail, or provide proposed organization chart showing the responsible units for overseeing and implementing the back office and accounting operations functions, including staffing levels and reporting lines

**Information security**

**9.13** Does the applicant or applicant’s parent have an information security policy? If yes, attach a copy to this application. If no, detail when such a policy is to be implemented and how the applicant will address the issue of IT security.

Yes [ ]

No [ ]

**Additional Information**

Are there any other matters that SAMA might reasonably expect to be made aware of by the applicant or applicant’s parent in its consideration of this application?

Yes [ ]

No [ ]

If yes, provide full details.

# Part 3

# Checklist/Attachments/Supporting information required for an application to conduct banking business

| Checklist for attachments – General details part  |
| --- |
| **Documents** | **Included** |
| Board minutes or similar evidence of authority to establish a bank in the Kingdom of Saudi Arabia (see declaration in part 4) | [ ]  |
| Group structure chart (see question 3.1) | [ ]  |
| Copy of latest financial statements of any proposed owners (see question 5.5). | [ ]  |
| Business plan (covering at minimum the outlined headings below)Applicants must submit a business plan as a separate attachment to this form covering at least the following key areas:* Background of the applicant (including)
	+ History
	+ Organisation structure
	+ Divisions and business units
	+ International locations
	+ Corporate governance
* Opportunities identified in Kingdom of Saudi Arabia (KSA)
	+ Rationale for establishing in KSA
	+ Details of existing regional presence
	+ Previous experience of providing banking activities
	+ Experience of the governing body (Board)
* Business Planning
	+ Products and services
	+ Target markets
	+ Type of clients
	+ Marketing approach and delivery channels
	+ Strategy for managing and controlling the business
	+ Strategy going forward
	+ 3 years’ financial projections, including detailed notes on the assumptions behind them
	+ Balance sheet, profit and loss account and cash flows
	+ Commitment to provide necessary capital and ongoing funding
	+ Target returns
	+ Growth plans and assumptions
	+ The innovative products and services that will be introduced to the Saudi market
 | [ ]  |
| * Draft Articles of Association and statute if application is for a locally incorporated/ banking license.
 | [ ]  |
| * If the applicant is an existing legal entity or in partnership with other individuals or legal entities with expertise and technical capacities in the same area, the applicant must provide detailed information about such entities or partnerships including, for example, the following:
* A proof of a commercial registration (Commercial Register) ;
* Articles of Association and Statutes;
* A historic overview of such entities, their activities and other relevant information and data;
* Expected technical and financial support to the bank.
* Organizational structure indicating names of board members and executive directors;
* Financial statements for the last five years and the annual report of the last year;
* Auditor’s report for the last five financial years;
* Zakat/ tax certificate.
 | [ ]  |

| Checklist for attachments – Risk management and control Framework |
| --- |
| **Documents** | **Included** |
| Proposed management plan or manual (see question 6.3) | [ ]  |
| Other documents | [ ]  |

| Checklist for attachments – Management/Control & Outsourcing |
| --- |
| **Documents** | **Included** |
| Proposed allocation of responsibilities and reporting lines chart for the applicant as a whole (see question 7.1) | [ ]  |
| Proposed Job description for compliance oversight function (see question 7.5) | [ ]  |
| Proposed and reporting lines chart for the compliance function (see question 7.7) | [ ]  |
| Proposed Compliance manual (see question 7.10) | [ ]  |
| Proposed complaints handling policy document (see question 7.15) | [ ]  |
| Proposed Business Continuity procedures document (see question 7.16) | [ ]  |
| Copy of proposed staff handbook (see question 7.25) | [ ]  |
| Other documents | [ ]  |

| Checklist for attachments – financial crime and anti-money laundering |
| --- |
| **Documents** | **Included** |
| Proposed AML policies and procedures document including copy of job description of AML officer (see question 8.2) | [ ]  |
| Copy of proposed organisation chart within AML function (see question 8.3) | [ ]  |
| Other documents | [ ]  |

| Checklist for attachments – human and IT resources |
| --- |
| **Documents** | **Included** |
| Proposed organisation chart of the back office operations function (see question 9.12) | [ ]  |
| Proposed information security policy document (see question 9.13) | [ ]  |
| Other documents | [ ]  |

# Part 4

# Acknowledgement

I do hereby acknowledge that I have provided the correct and accurate information, and I have reviewed and read the relevant laws and regulations, and provided these information and documents in accordance with the laws, regulations and instructions in force in the Kingdom of Saudi Arabia. Also, I am aware that false or misleading information to SAMA or any other party (natural or corporate person) whether knowingly or recklessly, can be a sanctionable offence. In addition, I agree to give SAMA the right to request any data or documents of entities or persons associated or have relation with the applicant from any party. I acknowledge and undertake to advise SAMA of any information or major changes which may affect the accuracy and adequacy of the information presented within 10 days of obtaining such information by me or the occurrence of such change. In addition, the failure of providing the additional information requested during the specified period by SAMA will makes the application invalid.

Name:

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title:

Date:    /    /14  H Corresponding    /    / 20

Institution Name:

Authorized Institution’s officer:

Title:

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date:    /    /14  H Corresponding    /    / 20

*Attach Board minutes or similar evidence of authority to establish a bank in the Kingdom of Saudi Arabia*