

Licensing Requirements for Crowd lending Activity

I. Introduction

The Finance Companies Control Law and the Rules for Engaging in Crowd lending stipulate the licensing provisions for Crowdlending activity. SAMA prepared and published the forms required to apply for the license on its website: www.sama.gov.sa/ar-sa/Laws/Pages/Finance.aspx.

II. License Application Instructions for Crowdlending

1. The license application form shall not be modified in any way. The license application and a copy thereof shall be submitted by the company founders or their duly authorized representatives.
2. The required forms and documents stated in the license application form shall be submitted in paper or electronic format as the checklist indicates.
3. The terms and phrases mentioned in the license application form shall have the same meanings stated in the Finance Companies Control Law and the Rules for Engaging in Crowdlending. The term "Applicant" shall mean the founders or shareholders of the company applying to obtain the approval of SAMA to complete the incorporation procedures and obtain license to practice Crowdlending activity.
4. The Applicant must ensure that the information provided in the license application is valid, accurate, comprehensive, and complete. Providing SAMA with false information or omitting material information that should have been disclosed for licensing purposes shall be deemed a violation of the Finance Companies Control Law, in particular Article 7 thereof, and may lead to the rejection of the license application or cancellation of the license.
5. The license application can be submitted to the following e-mail: LICFCC@SAMA.GOV.SA

III. Documents Required

The forms and documents specified in the checklist in the license application form may be submitted in paper or using a USB flash drive containing identical electronic copies, as stated in Section IV below. Such forms and documents may also be submitted electronically through

the e-mail specified in Section II above. The original documents shall be submitted upon request.

IV. License Application Documents

1. License application letter. (paper or electronic)
2. License application form, as approved by SAMA, after completing all sections. (electronic)
3. A copy of the company's draft memorandum of association and articles of association, and a copy of the existing company's commercial register, memorandum of association, and articles of association, if any. (electronic)
4. A description of the organizational structure, including all necessary departments and functions as well as their main tasks. (electronic)
5. The Fit and Proper Form, approved by SAMA, for each founder. The form shall be completed and signed by the founder and approved by the person authorized to submit the license application. (paper or electronic)
6. The Fit and Proper Form, approved by SAMA, for each candidate for membership of the board of directors and the sub-committees. The form shall be completed and signed by the candidate and approved by the person authorized to submit the license application. (paper or electronic)
7. Economic feasibility study and business plan, according to the details specified in the license application form.
8. An irrevocable bank guarantee of an amount equivalent to the minimum capital set for the activity to be licensed, issued for SAMA by a local bank and automatically renewed until full payment of the capital. (paper or electronic, provided that the original bank guarantee letter is submitted upon request.)
9. Draft agreements and contracts proposed with third parties, especially agreements and contracts with relevant parties and external service providers. (electronic)

V. Licensing Procedures

1. The Applicant shall complete the license application form as described in Sections III and IV above and submit it to SAMA, along with the documents specified in the application form's checklist.
2. Within 60 working days from the date of SAMA notification of application completeness, SAMA shall inform the Applicant in writing of its initial approval or its justified rejection. SAMA's initial approval shall not be considered a license or permission to practice the activity.
3. The application will be referred to the Ministry of Commerce to complete the company incorporation and registration procedures in accordance with the Companies Law, or to complete the regularization procedures for the existing company. Upon incorporation or regularization, the company shall provide SAMA with a copy of its commercial register, a copy of its memorandum of association, a copy of its articles of association, proof of payment of the full capital and any additional initial finance indicated in the business plan, and proof of implementation of all necessary measures to start practicing the activity, such as providing human resources, systems, and equipment.
4. The company shall provide SAMA with proof that the company has obtained the Legal Entity Identifier (LEI) from the Saudi Operating Unit approved by the Global Legal Entity Identifier Foundation (GLEIF).
5. SAMA shall issue a decision to grant the license after the company fulfills the requirements mentioned in Paragraph (3) and Paragraph (4) of this section.