

Rules of Licensing Finance Support Activities

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البنك المركزي السعودي
SAMA
Saudi Central Bank



Table of Contents

Section	Page No.
Chapter I: Definitions and General Provisions	3
Chapter II: Licensing Provisions	4
Chapter III: Activity Provisions	7
Chapter IV: Supervision and Compliance	9
Chapter V: Concluding Provisions	10

Chapter I: Definitions and General Provisions

Article 1: Definitions

- 1- The terms and phrases used in these Rules shall have the same meaning as defined in the Finance Companies Control Law and its Implementing Regulations.
- 2- For the purpose of applying the provisions of these Rules, the following terms and phrases -wherever mentioned herein- shall have the meanings assigned thereto, unless the context otherwise requires.
 - 2.1 Finance Support Activities: activities that support or complement finance activities in order to achieve competition in accordance with SAMA instructions. These activities include finance debt collection, aggregation activity and any other activity approved by SAMA.
 - 2.2 Finance Support Company: a person licensed by SAMA to perform one or more of the finance support activities in accordance with the Law and its Implementing Regulations, and these Rules.
 - 2.3 Aggregation Activity: a service provided to link clients with finance companies according to their credit obligations and solvency to offer financial services through an electronic platform for a charge.
 - 2.4 Finance Debt Collection Service Provider: a service provided to collect the debts from clients on behalf of private and public finance institutions.

Article 2: Scope of Application

These Rules shall apply to companies licensed by SAMA to engage in finance support activity.

Article 3: Purpose

The objective of these Rules is to establish licensing requirements and controls for finance support activities and to monitor these activities.

Article 4: General Provisions

Without prejudice to the Finance Companies Control Law and its Implementing Regulations, the finance support activities license application shall be submitted to SAMA in accordance with the requirements, controls and procedures set forth in these Rules and the instructions issued by SAMA in this regard from time to time.

Chapter II: Licensing Provisions

Article 5: License Application

The applicant for a license to practice finance support activities shall submit the license application to SAMA. The request shall specify the activities to be licensed, and shall be attached with the following:

- 1- a completed license application in the form provided by SAMA;
- 2- memorandum of incorporation and articles of association (if any) of the company;
- 3- a list of founding members or shareholders and partners and the shares they own in the company and the percentage thereof; an irrevocable bank guarantee, if the applicant is a company in the process of incorporation, with an amount equivalent to the minimum capital for the support activity(ies), issued in favor of SAMA by a domestic bank and automatically renewed until the capital is paid in full. This guarantee shall be released upon the request of the founding members in the following cases:
 - i. if the capital is paid in cash;
 - ii. if the license application is withdrawn; or
 - iii. if the license application is rejected by SAMA.
- 4- draft agreements and proposed contracts with third parties; and
- 5- Any other documents, data, and information required by SAMA.

Article 6: Paid-up Capital

1. Pursuant to the provisions of the Companies Law, the minimum capital for the finance support company shall be as follows:
 - a) (SAR 2,000,000) for aggregation activity.
 - b) (SAR 10,000,000) for debt collection service providers.
 - c) SAMA shall set the minimum capital for the finance support company that engages in other support activities approved by SAMA.
2. SAMA may stipulate higher or lower minimum capital based on the prevailing market conditions, or if it deems that the proposed business model or the nature of activities or the proposed geographical scope requires so, taking into consideration the risk profile of the activity.

Article 7: Management Requirements

All candidates for supervisory and executive positions in a finance support company must:

- a) meet the professional legal competence requirements set by SAMA;
- b) be permanent residents in Saudi Arabia;
- c) be professionally qualified, and have appropriate experience in the same field;
- d) not have violated any of the provisions or regulations of the Capital Market Law, the Banking Control Law, the Cooperative Insurance Companies Control Law or Finance Laws; and
- e) not have been previously convicted of an offense impinging upon integrity, unless rehabilitated in accordance with the laws or the Implementing Regulations of the Finance Companies Control Law.

Article 8: Initial Approval

Within thirty (30) working days from completion of requirements, SAMA shall grant either an initial approval or a justified rejection. SAMA will assess the competitiveness and soundness of the industry and the quality of services provided.

Article 9: Provision of Required Information

- 1- The license applicant shall provide any additional information or documents required by SAMA within (15) working days.
- 2- In case of failure to meet the period requirement specified in Paragraph (1) of this Article, SAMA may reject the license application.

Article 10: Establishment

The founding members shall establish the finance support company within (6) months from SAMA's initial approval, and provide SAMA with a copy of the company's commercial register stating the licensed activities for initial approval. The initial approval will expire after (6) months, unless SAMA agrees to extend the period.

Article 11: License

- 1- SAMA may take the necessary actions to ensure that the finance support company meets SAMA's requirements, such as making supervisory or inspection visits to the company headquarters, meeting its executives and reviewing its systems, procedures and records.
- 2- Upon verification of the applicant compliance with the requirements set forth herein, SAMA shall issue the license for finance support activities.
- 3- The finance support company shall not engage in any activity not licensed by SAMA.
- 4- Debt collection service providers shall not buy the debts of finance institutions.

Article 12: Scope of License

The license shall specify the activities that the finance support company is licensed to carry out, and SAMA may restrict the license to special conditions.

Article 13: Validity of License

The license shall be valid for three (3) years and may be renewed by SAMA upon the request of the company. The company shall submit a written renewal request to SAMA at least (3) months prior to the expiration of the license.

Article 14: Amendment of License

The finance support company may request to amend the license, or to amend any condition or limitation in the license, provided that such request is based on reasonable justifications. Any documents, information or studies required by SAMA shall be attached to the request.

Article 15: Revocation of License

SAMA may revoke the license in the following cases:

- 1- Upon the request of the finance support company, taking into account the rights of the creditors and beneficiaries as well as the soundness of the financial system.
- 2- If the finance support company has submitted false information or failed to disclose material information that should have been provided for licensing purposes.

- 3- If the finance support company has violated the requirements of these Rules, the provisions of finance laws, or SAMA's instructions.
- 4- If the finance support company has not carried out the licensed activities within (6) months from the date of issuance of license.
- 5- If the operations of the finance support company have been suspended for more than (3) consecutive months, or for (6) non-consecutive months without obtaining SAMA's prior written no-objection.

Article 16: License Expiry

The license shall be legally expired in the following cases:

1. Non-renewal of expired license;
2. Appointment of liquidator for the finance support company; or
3. Commencement of bankruptcy proceedings under the Bankruptcy Law.

Article 17: Effects of License Revocation or Expiry

Revocation or expiry of license shall result in liquidation of the finance support company. Such company shall be notified in writing of license revocation, and shall be given a period of (6) months to conduct liquidation. SAMA may also appoint a liquidator.

Chapter III: Activity Provisions

Article 18: Internal Policies and Procedures

The finance support company shall:

- 1- develop internal policies and procedures to ensure compliance with these Rules, SAMA's instructions, and relevant laws; and
- 2- develop written organizational policies which cover internal organization, governance, risk management, compliance, outsourcing and human resources. These policies shall be approved by the highest authority in the company.

Article 19: Requirements for Information Security and Financial Crimes

- 1- The finance support company shall comply with the information security requirements issued by SAMA.
- 2- The finance support company shall comply with the legal requirements set forth in the Anti-Money Laundering Law, the Law on Terrorism Crimes and

Financing, their Implementing Regulations, and the relevant instructions and guidelines as specified by SAMA, in a manner that is consistent with the nature and size of the company's activity and risks it may be exposed to. The company shall also comply with the requirements and instructions issued by SAMA on financial crimes and fraud.

Article 20: Saudization of Human Resources

At least 50% of all employees must be Saudi nationals when a finance support company starts operations. The percentage applies at the level of the company as a whole. SAMA may increase or decrease the percentage as it deems appropriate.

Article 21: Code of Conduct

The finance support company shall develop a Code of Conduct and take all necessary actions to ensure compliance therewith in accordance with the relevant laws, regulations and instructions. This Code shall include clear principles, policies and controls for professional behavior with beneficiaries and the conflict of interest policy, to be approved by the highest authority in the company.

Article 22: Consumer Protection and Data Confidentiality

- 1- The finance support company shall establish a function for handling complaints and set clear procedures for receiving, documenting, reviewing, and responding to complaints within the period set by SAMA. The complaints shall be kept in records that include all necessary details of complaints and related actions taken.
- 2- The finance support company and its employees shall maintain the confidentiality of clients' data and transactions and shall not disclose them to other parties or benefit from them even after leaving the job or revocation of license, except in accordance with the relevant laws and instructions.
- 3- The finance support company shall take all necessary measures to ensure confidentiality of clients' information and transactions.

Chapter IV: Supervision and Compliance

Article 23: SAMA's Supervision

- 1- The finance support company shall:
 - a) provide SAMA with any other data, information, or documents required in accordance with the forms, controls, and instructions and at the time set by SAMA;
 - b) provide SAMA with all information and documents related to the company, its activities, partners, or staff immediately upon request;
 - c) develop and periodically update a policy on conflict of interest and confidentiality of information;
 - d) develop a business continuity plan and a recruitment plan for vacant positions; and
 - e) enable SAMA's specialized staff and auditors to access relevant facilities, documents and data, including digital data, upon request.
- 2- The finance support company and its staff shall not conceal or attempt to conceal any information or violations, or refrain from answering any inquiries made by SAMA.
- 3- SAMA may take necessary actions to ensure the compliance of finance support company with these Rules, relevant laws, regulations and instructions, such as making supervisory or inspection visits to the company headquarters, meeting its staff and reviewing its systems, procedures and records. SAMA may appoint a third party, at the expense of the company, to carry out any of the procedures taken in accordance with the provisions stated in this Chapter.
- 4- If the company violates these Rules or the applicable laws and regulations, or has financial difficulties, SAMA may take one or more of the following actions:
 - a) Issue business management instructions to the company's senior management.
 - b) Ban or restrict all or some of the activities.
 - c) Prevent directors or senior management from exercising all or some of their duties.
 - d) Appoint supervisors to run the business of the company as determined by SAMA.

Article 24: Compliance

- 1- The finance support company shall establish internal controls and procedures to ensure compliance with these Rules and all relevant laws, regulations and instructions.
- 2- The finance support company shall keep sufficient records to confirm compliance with these Rules and other relevant laws, regulations and instructions, and take the necessary measures to prevent violations thereof.
- 3- The finance support company shall not disclose information to third parties without the approval of SAMA.
- 4- The finance support company shall obtain SAMA's non-objection before acquiring assets other than those necessary to manage its business.
- 5- The finance support company shall obtain SAMA's non-objection before partial or full liquidation of the company or its activity.
- 6- Non-compliance with these Rules shall be deemed a violation of the Financing Companies Control Law and its Implementing Regulations.

Chapter V: Concluding Provisions

Article 25: Regulatory and Technical Instructions

SAMA may issue regulatory and technical instructions for each finance support activity and the finance support company shall comply with these instructions.

Article 26: Exemption

Upon request, SAMA may exempt the finance support company from the application of any of the provisions of these Rules as required by the condition of the sector.

Article 27: Enforcement

These Rules shall enter into force on the date of their approval.

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