

# Rules for Engaging in Debt-Based Crowdfunding

October 2024 (Rabi'II 1446H)

The Saudi Central Bank (SAMA) issued these Rules based on the powers vested in SAMA under the Saudi Central Bank Law issued by Royal Decree No. (M/36) dated 11/04/1442H and the Finance Companies Control Law issued by Royal Decree No. (M/51) dated 13/8/1433H.

**Important note:**

For the updated and amended Rules, SAMA advises referring to the version published on its website: [www.sama.gov.sa](http://www.sama.gov.sa)



## Table of Contents

Page No.	Chapter
3	Chapter I: Definitions and General Provisions
5	Chapter II: Licensing Provisions
8	Chapter III: Internal Organization
11	Chapter IV: Activity Provisions
20	Chapter V: Supervision and Compliance
22	Chapter VI: Concluding Provisions

## Chapter I: Definitions and General Provisions

### Article 1: Definitions

1. The following terms and phrases, wherever mentioned herein, shall have the same meanings stated in the Finance Companies Control Law.
2. For the application of 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 Rules:** Rules for Engaging in Debt-Based Crowdfunding.

**2.2 Debt-Based Crowdfunding:** Raising funds from Participants through a Debt-Based Crowdfunding Platform to be granted to an Institutional Beneficiary in accordance with a loan contract.

**2.3 Debt-Based Crowdfunding Company :** A joint-stock company licensed to engage in Debt-Based Crowdfunding activity.

**2.4 Debt-Based Crowdfunding Platform :** A web-based platform or any other digital means, including websites and mobile applications, used and run by a Debt-Based Crowdfunding Company to carry out Debt-Based Crowdfunding activity.

**2.5 Institutional Beneficiary:** A commercial enterprise registered in the Kingdom of Saudi Arabia that has obtained or seeks to obtain financing through a Debt-Based Crowdfunding Platform.

**2.6 Participant:** A natural or legal person who provides finance to an Institutional Beneficiary through a Debt-Based Crowdfunding Company.

**2.7 Eligible Participant:** A natural or legal person to whom one or more of the following applies:

- a) Has assets with a net value of at least SAR 3,000,000 (three million Saudi riyals).
- b) Currently working or has worked for at least three years in the financial sector in a position related to finance or investment.
- c) Has a professional certificate in finance or investment approved by an internationally or locally recognized establishment.
- d) Has an annual income or profits of at least SAR 600,000 (six hundred thousand Saudi riyals) in the past two years.

**2.8 Finance Amount:** Funds raised from Participants via a Debt-Based Crowdfunding Platform to be provided for an Institutional Beneficiary.

**2.9 Collection Accounts:** Bank accounts that are subject to the Rules for Bank Accounts and used only for the collection and management of the Finance Amount.

**2.10 Default:** Default occurs only if one or more of the following criteria are met:

2.10.1. The Debt-Based Crowdfunding Company concludes that the Institutional Beneficiary is unable to repay the full Finance Amount after seizing the provided collaterals.

2.10.2. The Institutional Beneficiary fails to pay any of the installments agreed upon with the Debt-Based Crowdfunding Company, either in whole or in part, for a period exceeding (90) consecutive days.

**2.11 Significant Shareholders:** Anyone who owns five percent (5%) or more of the Debt-Based Crowdfunding Company's shares or voting rights.

## **Article 2: Scope of Application**

These Rules shall apply to licensed Debt-Based Crowdfunding companies and those applying for a license to engage in Debt-Based Crowdfunding activity.

## **Article 3: Purpose**

These Rules aim to:

1. Establish licensing procedures and requirements for Debt-Based Crowdfunding activity.
2. Set the minimum standards and procedures for Debt-Based Crowdfunding Companies when practicing the activity.

## **Article 4: General Provisions**

1. Debt-Based Crowdfunding activity shall not be carried out except after obtaining a license from SAMA in accordance with the Law and these Rules.
2. The Debt-Based Crowdfunding license application shall be submitted to SAMA in accordance with the Law and the requirements, guidelines and procedures set forth herein and as per the instructions issued by SAMA in this regard from time to time.

## Chapter II: Licensing Provisions

### Article 5: License Requests

The Debt-Based Crowdfunding Company wishing to be licensed shall submit the license request to SAMA. Such request shall be accompanied by the following:

1. A completed license application in the form provided by SAMA.
2. Articles of Association.
3. A list of the founding members or shareholders, including the number and percentage of shares of each member or shareholder in the Company.
4. The Fit and Proper Form for founding members or shareholders, signed by every founding member or shareholder.
5. The Fit and Proper Form for board members, signed by every candidate for board membership.
6. An irrevocable bank guarantee for an amount equivalent to the minimum capital, issued in favor of SAMA by a bank licensed to operate in Saudi Arabia and renewed automatically until the capital is paid in full, if the license application is submitted for a company under establishment. Such guarantee shall be released upon the request of the license applicant in any of the following cases:
  - i. If the capital is paid in cash.
  - ii. If the license request is withdrawn.
  - iii. If the license request is rejected by SAMA.
7. Draft agreements and proposed contracts with third parties.
8. The proposed business model for engaging in Debt-Based Crowdfunding.
9. Any other documents, data, records or information required by SAMA.

### Article 6: Capital

1. Subject to the provisions of the Companies Law, the minimum capital for the Debt-Based Crowdfunding Company shall be SAR 5,000,000 (five million Saudi riyals).
2. Taking into consideration the associated risks of the activity and their nature, SAMA may increase or decrease the minimum capital based on the prevailing market conditions or if it deems that the Company's proposed business model or the nature of its activity requires so.

3. The Debt-Based Crowdfunding Company shall obtain a written non-objection letter from SAMA before disposing of significant shareholders' shares, stakes or shares of indirect ownership that affect 5% or more of the Company's shares or voting rights.

#### **Article 7: Senior Management Requirements**

All candidates for supervisory and executive positions in a Debt-Based Crowdfunding Company must:

- a) Meet the professional eligibility requirements set by SAMA.
- b) Be permanent residents of the Kingdom of Saudi Arabia.
- c) Be professionally qualified and have sufficient experience in the field.
- d) Have not violated any of the provisions of the Banking Control Law, the Cooperative Insurance Companies Control Law, finance laws, or the Capital Market Law and its Regulations.
- e) Have not been previously convicted of an offense impinging upon integrity, unless rehabilitated in accordance with applicable laws.
- f) Have sufficient solvency and have not breached any financial obligations towards their creditors, nor have they given an indication that they are unable to continue to meet their financial obligations towards their creditors.

#### **Article 8: Providing SAMA with the Information Required**

1. The license applicant shall provide SAMA with any additional information or documents required within (30) working days.
2. Without prejudice to the provisions of the relevant regulations and instructions, SAMA may reject the application if it fails to meet the period requirement specified in Paragraph (1) of this Article, or if SAMA is provided with incorrect or false information or documents.

#### **Article 9: Application Completeness**

SAMA notifies the applicant of the application completeness upon fulfilling all requirements set forth in the Law and these Rules.

### **Article 10: Initial Approval or Rejection**

SAMA informs the applicant of the initial approval or justified rejection within (60) working days from the date the applicant receives notification of application completeness. SAMA's initial approval shall not be considered a license or permission for companies to engage in Debt-Based Crowdfunding.

### **Article 11: Requirements for Company Incorporation and Business Activity Registration**

1. For a company under establishment, the founding members shall complete the requirements necessary to practice Debt-Based Crowdfunding within six months from the date of SAMA's initial approval and provide SAMA with a copy of the Company's commercial register stating the Debt-Based Crowdfunding activity and a copy of the Company's articles of association. In case of failure to submit the requirement set out in this paragraph within the specified period, the initial approval shall be deemed expired. In addition, SAMA may extend the period before its expiration for another six months as a maximum.
2. For an existing company, SAMA shall be provided with a copy of the company's commercial register stating the Debt-Based Crowdfunding activity within six months from the date of SAMA's initial approval. In case of failure to submit the requirement set out in this paragraph within the specified period, the initial approval shall be deemed expired. In addition, SAMA may extend the period before its expiration for another six months as a maximum.

### **Article 12: License**

1. SAMA may take any necessary actions to verify that the license applicant for Debt-Based Crowdfunding meets the requirements. Such actions include making on-site visits, meeting the holders or candidates of senior positions, and reviewing the regulations, procedures and records.
2. SAMA issues a decision to grant the applicant a license to engage in Debt-Based Crowdfunding upon fulfillment of all established requirements and procedures.
3. The Debt-Based Crowdfunding Company shall not engage in any other finance activity that the Company is not authorized to practice, unless SAMA's written approval is obtained for such activity.

### **Article 13: License Term**

The license shall be valid for five years and may be renewed by SAMA upon the request of the Debt-Based Crowdfunding Company. In such case, the Company shall submit a written renewal request to SAMA at least three months prior to the expiration of the license.

### **Article 14: License Revocation**

SAMA may revoke the license in any of the following cases:

1. Upon a written cancellation request submitted by the Debt-Based Crowdfunding Company, taking into account the rights of the Participants and Institutional Beneficiaries as well as the soundness of the financial system.
2. If it is proved that the Debt-Based Crowdfunding Company has furnished SAMA with false information or failed to disclose material information that should have been provided for licensing purposes.

### **Article 15: License Fees**

SAMA may charge fees as follows:

1. SAR 5,000 for license issuance.
2. SAR 2,000 for license renewal or amendment.

## **Chapter III: Internal Organization**

### **Article 16: Internal Policies and Procedures**

The Debt-Based Crowdfunding Company shall:

1. Develop written appropriate organizational policies approved by the board. Such policies must include, at least, the internal organization, governance, credit, risk management, compliance, a guide to deal with actual or potential conflicts of interest, confidentiality and security of information, outsourcing, and human resources.
2. Ensure that its technical equipment and related systems are adequate for its operational needs, nature of activity and risk situation and in accordance with best practices and SAMA's instructions in this regard.
3. Design information technology systems and their processes in a manner that ensures data availability, integration, safety, and confidentiality and

preserves the security of those systems and data. The Debt-Based Crowdfunding Company shall assess these systems and processes on a regular basis in accordance with the generally recognized technical standards.

4. Establish business continuity plans for emergencies, including alternative solutions to restore operations within an appropriate time.
5. Keep all documents, records and files of the Participants and Institutional Beneficiaries in an orderly and safe manner and ensure that all files are complete and updated regularly for a period of at least 10 years from the date of the end of the relationship.
6. Have sufficient and qualified human resources in terms of knowledge and expertise to meet its operational needs, business activities and risk situation.
7. Develop a recruitment plan for vacant positions.
8. Develop a plan for cessation of business to be updated periodically to consider any changes to the Company's business model or in the risks to which the Company is exposed.

#### **Article 17: Requirements for Protecting Information Security and Combating Financial Crimes**

1. The Debt-Based Crowdfunding Company shall comply with the information security requirements and the relevant laws, regulations and instructions issued by SAMA.
2. The Debt-Based Crowdfunding Company shall comply with the legal requirements contained in the Anti-Money Laundering Law, Combating Terrorism Crimes and their Financing Law, their Implementing Regulations, and the relevant rules and guidelines as specified by SAMA, in a manner that is consistent with the nature and size of the Company's activity and the risks it may be exposed to. The Debt-Based Crowdfunding Company shall also comply with the requirements and instructions issued by SAMA on financial crimes and fraud.

#### **Article 18: Outsourcing**

The Debt-Based Crowdfunding Company shall comply with the Rules on Outsourcing issued by SAMA for finance companies.

#### **Article 19: Risk Management**

The Debt-Based Crowdfunding Company shall:

1. Establish a written policy that includes a clear business strategy for risk management, approved and annually updated by its board of directors. The risk management policy shall consider all relevant types of risks and how to deal with them. Such policy shall cover the analysis of at least the following risks:
  - a) Credit risk.
  - b) Market risk.
  - c) Operational risk.
  - d) Legal risk.
  - e) Reputational risk.
  - f) Technological risk.
  - g) Fraud risk.
  - h) Information security risk.
  - i) Cybersecurity risk.
  - j) Money laundering and terrorist financing risk.
  - k) Outsourcing risk.
  - l) Debt-Based Crowdfunding Platform operational cessation risk.
  - m) Participant protection-related risk, including the Institutional Beneficiary's default risk.
2. Develop appropriate procedures to identify, assess, manage, monitor, communicate, and report risks. Such procedures must be included in a comprehensive risk management framework that ensures:
  - a) Early and comprehensive identification of risks.
  - b) Assessment of correlations between risks.
  - c) Immediate coordination with the board of directors, senior management and responsible staff, when needed.
  - d) Immediate communication of identified risks with stakeholders.

#### **Article 20: Auditor**

1. The Debt-Based Crowdfunding Company shall appoint one or more certified external auditors. A written non-objection letter for such an appointment shall be obtained from SAMA. SAMA may appoint another auditor at the Company's expense whenever its business's size and nature require so.

2. SAMA may require the external auditor to explain their report or disclose other facts from which they obtain knowledge in the course of an audit that could indicate a violation of the applicable laws, regulations, or instructions or a violation of the by-laws of the Company.

#### **Article 21: Saudization of Human Resources**

1. At least 50% of all employees of the Debt-Based Crowdfunding Company shall be Saudi nationals, including different departments and administrative levels, when the Company starts its operations.
2. The percentage of Saudization must be increased annually by at least 5% until it reaches 75%. Afterward, SAMA may determine the minimum required annual increase.

#### **Article 22: Participants and Institutional Beneficiaries' Protection and Data Confidentiality**

1. The Debt-Based Crowdfunding Company shall establish a function for handling complaints and set clear procedures for receiving, documenting, reviewing, and responding to the complaints of Participants and Institutional Beneficiaries within the period specified by SAMA. Such complaints shall be kept in special records that also include all necessary details in relation to the complaint and the procedures taken.
2. All employees of the Debt-Based Crowdfunding Company shall maintain the confidentiality of data and transactions related to the Participants and Institutional Beneficiaries and shall not disclose them to other parties even after the end of service for employees or revocation of license, except in accordance with the relevant laws, regulations and instructions.
3. The Debt-Based Crowdfunding Company shall take all necessary measures to ensure the confidentiality of information and transactions related to Participants and Institutional Beneficiaries.

### **Chapter IV: Activity Provisions**

#### **Article 23: Participant Due Diligence**

1. The Debt-Based Crowdfunding Company shall prepare a Participant due diligence program. This program must include policies and procedures for the following, as a minimum:

- a) Know Your Customer (KYC).
  - b) Information security.
  - c) Data privacy and confidentiality.
  - d) Combating financial crimes, such as money laundering and terrorist financing.
2. The Debt-Based Crowdfunding Company shall comply with the Electronic Transactions Law and its Implementing Regulations and relevant laws and shall establish the necessary procedures and measures to ensure the validity of information, including:
    - a) Verifying the Participant's email address and phone number by sending a verification link to the registered email and number (Authentication).
    - b) Developing procedures necessary to ensure the provision of up-to-date information, such as the national address.

#### **Article 24: Assessment of the Creditworthiness and Due Diligence of the Institutional Beneficiary**

1. The Debt-Based Crowdfunding Company shall check and document the credit record of the Institutional Beneficiary after its approval.
2. Upon the Institutional Beneficiary's approval, the Debt-Based Crowdfunding Company shall register the credit information of the Institutional Beneficiary with one or more of the licensed credit bureaus in accordance with the relevant laws, regulations, and instructions. Such information shall be updated throughout the period of dealing with the Institutional Beneficiary.
3. The Debt-Based Crowdfunding Company must decline the finance request in case of the absence of approval from the Institutional Beneficiary mentioned in paragraphs (1) and (2) of this Article.
4. The Debt-Based Crowdfunding Company shall adopt clear, transparent and documented scientific methods, criteria and procedures to evaluate the creditworthiness of the Institutional Beneficiary and its ability to repay the debt. Such methods, criteria, and procedures shall be applied in accordance with the best practices in this field. The board of directors of the Debt-Based Crowdfunding Company shall approve these criteria and procedures, review them at least on an annual basis, update them when necessary, and document such updates.

5. The Debt-Based Crowdfunding Company shall set clear policies regarding the Institutional Beneficiary due diligence in accordance with the Anti-Money Laundering Law and the Law of Combating Crimes of Terrorism and its Financing, their Implementing Regulations and relevant instructions. The Company shall also set identification criteria and initial due diligence for the Institutional Beneficiary. The due diligence framework shall cover at least the following:
  - a) Verifying the legal status of the Institutional Beneficiary.
  - b) Verifying the identity of the Institutional Beneficiary, including its establishment.
  - c) Verifying the address of the Institutional Beneficiary.
  - d) Ensuring that there is no conflict of interest between the Debt-Based Crowdfunding Company and the Institutional Beneficiary.
  - e) Verifying the sufficiency of the Institutional Beneficiary's resources to carry out the activity, including its solvency, credit history, and past performance.
  - f) Assessing the Institutional Beneficiary's business or financing levels (if any) and the existing financing and its source.
  - g) Assessing the business plan of the Institutional Beneficiary.
6. Without prejudice to the provisions of the relevant laws, the Debt-Based Crowdfunding Company shall inform Participants of the results of the due diligence procedure in the risk assessment process.

#### **Article 25: Service Agreements Between Parties**

1. The Debt-Based Crowdfunding Company shall draw up a paper or electronic contract with Participants in accordance with the relevant legal requirements. Each party shall receive a copy of the contract that must clarify at least the following:
  - a) Contract parties.
  - b) Contract scope.
  - c) Contract term.
  - d) Institutional Beneficiary's name and commercial register number or the unified number.
  - e) Finance type.
  - f) Finance Amount.
  - g) Fees.

- h) Rights and obligations of the contract parties.
  - i) Dispute settlement and compensation mechanism.
  - j) Expected net profit that Participants will receive.
  - k) Obligations of the Debt-Based Crowdfunding Company to manage financing, including the method of transferring payments made by the Institutional Beneficiary to the Participant.
  - l) Procedures to be followed in case of default.
  - m) Contingency arrangements to deal with business disruption or cessation of the Debt-Based Crowdfunding Company.
  - n) Contract termination and expiration.
  - o) Participants' right to withdraw their finance amounts before the completion of the Finance Amount.
2. The Debt-Based Crowdfunding Company shall draw up a paper or electronic finance contract with the Institutional Beneficiary when providing finance. Each party shall receive a copy of the finance contract that must clarify at least the following:
- a) Names of the contract parties, commercial register number of the Institutional Beneficiary or its unified number, official addresses, and contact information, including mobile phone number and email address.
  - b) Finance type.
  - c) Contract term.
  - d) Finance Amount.
  - e) Conditions to withdraw the Finance Amount, if any.
  - f) Term cost and its application conditions.
  - g) Annual percentage rate (APR).
  - h) Term of payment of fees or funds required without paying the Finance Amount and the conditions for such payment.
  - i) Consequences of delayed payment of installments.
  - j) Guarantee and security required.
  - k) The number of the account used for depositing finance installments and the name of the bank.
  - l) Early repayment procedures, if any.
  - m) Procedures for dealing with collaterals in case of value reduction.
  - n) Procedures for exercising the right to terminate the finance contract.

- o) Permission of the Institutional Beneficiary to include its information in the credit record.
- p) Requiring the Institutional Beneficiary to notify the Debt-Based Crowdfunding Company, within a reasonable period, of any material changes that would affect the Participants, the Institutional Beneficiary's business, or the implementation of its projects.
- q) Requiring the Institutional Beneficiary to submit its financial statements, including bank account statements, on an annual basis at least.

Any other data or information required by SAMA.

### **Article 26: Credit Limits**

1. The total amount of existing finance provided through the Platform shall not exceed 40 times the Debt-Based Crowdfunding Company's capital and reserves, unless a written non-objection letter from SAMA is obtained.
2. Finance shall be limited to commercial enterprises registered in Saudi Arabia, and the Debt-Based Crowdfunding Company shall not grant financing for consumer purposes.
3. The total amount of existing finance provided to each Institutional Beneficiary that is a micro, small, or medium-sized enterprise shall not exceed SAR 7,500,000 (seven million five hundred thousand Saudi riyals), except for large enterprises, enterprises licensed to practice real estate development activity, or in case a written non-objection letter from SAMA is obtained.
4. The Participant's contribution shall not exceed 25% of the Finance Amount requested for each Institutional Beneficiary. The existing financing for each Participant shall not exceed SAR 250,000 (two hundred fifty thousand Saudi riyals) for all finance options offered through the Debt-Based Crowdfunding Platform. Eligible Participants shall be excluded. The Debt-Based Crowdfunding Company may increase the maximum limit of existing financing for Participants after obtaining a written non-objection letter from SAMA.
5. Taking into account paragraph (1) of this Article, the Debt-Based Crowdfunding Company may participate in financing Institutional Beneficiaries through the Platform and in this case, it shall consider the following:

- a) Obtaining a non-objection letter from SAMA for the Debt-Based Crowdfunding Company to participate in financing Institutional Beneficiaries through the Platform.
- b) The Debt-Based Crowdfunding Company shall have an approved policy by the board to organize the participation process in financing Institutional Beneficiaries.
- c) The total existing finance provided by a Debt-Based Crowdfunding Company through its participation shall not exceed 8 times the capital and reserves, unless a non-objection letter from SAMA is obtained and provided that the existing finance does not exceed the financing limits referred to in paragraph (1) of this Article.
- d) The participation percentage shall not be less than (5%) and shall not exceed (25%) of the total Finance Amount required by the Institutional Beneficiary. SAMA may increase or decrease these percentages as it deems appropriate.
- e) SAMA may require the participation of the Debt-Based Crowdfunding Company, which obtains SAMA's non-objection to finance Institutional Beneficiaries through the Platform, in all available opportunities if deemed necessary.

#### **Article 27: Fund-Raising and Payment Provisions**

1. The fund-raising period for each Institutional Beneficiary shall not exceed (60) days, provided that the funds are transferred to the Institutional Beneficiary within a period not exceeding five working days after the total Finance Amount is raised. In the event that the requested Finance Amount is not covered during the fund-raising period, the finance campaign shall be void, and Participants shall be refunded within (15) days after the end of the fund-raising period.
2. The Debt-Based Crowdfunding Company shall publish the Institutional Beneficiary's information on the Platform, granting a period of no less than (24) hours for Participants to view this information before the beginning of the fund-raising period. Participants shall be allowed to withdraw their finance amounts at any time prior to the completion of the Finance Amount.
3. The Finance Amount repayment period shall not exceed (60) months. The

Debt-Based Crowdfunding Company may extend this period upon the Participants' approval.

4. Repayment shall only be made through electronic channels, and it is prohibited to repay in cash.
5. The Debt-Based Crowdfunding Company, which enables automatic participation in the financing option, shall clarify this for the Participants and obtain their pre-approval to activate this option and allow them to cancel it at any time.
6. The funds available in the Collection Account shall be separate and independent from the funds of the Debt-Based Crowdfunding Company, and shall not be used for purposes other than collecting and managing the Finance Amount.
7. The account used for Participants' funds in the Debt-Based Crowdfunding Company shall be named (Finance Amount Management Account - name of the Debt-Based Crowdfunding Company).

#### **Article 28: Disclosure**

1. By using the Platform, the Debt-Based Crowdfunding Company shall clarify the nature of the business offered and publish awareness-raising information, in addition to the risks resulting from participation in Debt-Based Crowdfunding. The Company shall also ensure that the nature of the relationship between finance process parties is clarified on the Platform.
2. The Debt-Based Crowdfunding Company shall prepare the appropriate declarations and pledges and enable the Participants and the Institutional Beneficiary to read and agree to them before using the Debt-Based Crowdfunding Platform. Before using the Platform, the Company shall obtain an electronic acknowledgment from the Participants through a (Pop-Up Window), which includes their acknowledgment of the risks associated with Debt-Based Crowdfunding.
3. The Debt-Based Crowdfunding Company shall clearly share basic information about how the service works on the Platform. Such information shall include, at a minimum, the following:
  - a) Details on how the Platform works.

- b) The extent to which the Debt-Based Crowdfunding Company is participating in financing Institutional Beneficiaries, in addition to the Company's policy for participation.
  - c) Details of the service fees.
  - d) Any financial interest of the Debt-Based Crowdfunding Company or a relevant person that may lead to a conflict of interest.
  - e) Approved standards for assessing the Institutional Beneficiary's credit rating, including but not limited to: The Institutional Beneficiary's financial position standard, the solvency of the Institutional Beneficiary and its owners, the Institutional Beneficiary's credit record, and the collaterals provided by the Institutional Beneficiary.
  - f) Eligibility criteria of Participants.
  - g) The mechanism of dealing with the Participants' funds when the Finance Amount requested is not covered.
  - h) The steps taken by the Debt-Based Crowdfunding Company and the rights of relevant parties if a material change occurs in the conditions of the Institutional Beneficiary.
  - i) The mechanism followed by the Debt-Based Crowdfunding Company in case of default.
  - j) The measures put in place by the Debt-Based Crowdfunding Company for information security and data protection.
  - k) Contingency arrangements in the event the Debt-Based Crowdfunding Platform ceases to operate.
4. The Debt-Based Crowdfunding Company shall clearly share on its Platform all relevant information about each Institutional Beneficiary, including at least the following:
- a) A detailed description of the Institutional Beneficiary's project for which it aims to obtain the Finance Amount, including the total Finance Amount requested and how the funds will be used.
  - b) Audited financial statements of the Institutional Beneficiary for the last two years, if any.
  - c) Current and future key financial indicators of the Institutional Beneficiary.
  - d) The results of the Institutional Beneficiary due diligence process conducted by the Debt-Based Crowdfunding Company.

- e) A statement clarifying that displaying the project on the Platform shall not be considered as advice to provide financing to the Institutional Beneficiary.
  - f) Details of the term cost and Participants' expected profits aside from the charges and fees received by the Debt-Based Crowdfunding Company and any other rights related to the financing.
  - g) Guarantees and any restrictions on their use.
  - h) The charges and fees received by Debt-Based Crowdfunding Company.
  - i) The Debt-Based Crowdfunding Company's participation percentage in financing Institutional Beneficiaries, if any.
  - j) Payment terms and the preventive controls and measures taken.
5. The Debt-Based Crowdfunding Company shall clearly share information on its Platform about the significant risks that Participants may face from using the Debt-Based Crowdfunding Platform. Such information shall include, but not be limited to, the following:
- a) The potential for Participants to be exposed to material risks, including the loss of some or all of their money in case of default.
  - b) A clear and detailed list of the potential risks that the Institutional Beneficiary may face.
6. The Debt-Based Crowdfunding Company shall clearly share on the homepage of its electronic Platform the main information on the status of its existing finance opportunities and update this information quarterly or upon the occurrence of developments, whichever comes first. Such information shall include, at a minimum, the following:
- a) The default percentage of the opportunities financed, classified according to the level of risks.
  - b) Total amounts collected by the Debt-Based Crowdfunding Company compared to the Finance Amounts to be collected.
  - c) Clarifying that the data contained in paragraphs (a) and (b) are not considered sufficient indicators to anticipate the future performance of the Debt-Based Crowdfunding Company or that of Institutional Beneficiaries.
7. The Debt-Based Crowdfunding Company shall follow up with the Institutional Beneficiary's commitment to the financing contract and

notify Participants using electronic communication means (SMS messages or email) within (72) hours from the date of occurrence of any of the below-mentioned cases, in addition to clarifying the measures to be taken by the Debt-Based Crowdfunding Company on a case by case basis:

- a) Approval of the Institutional Beneficiary's request for early repayment.
- b) Default.
- c) Existence of a legal dispute with the Institutional Beneficiary over the financing contract.

#### **Article 29: Conflict of Interests**

1. The Debt-Based Crowdfunding Company shall take reasonable measures to avoid and address any conflict of interest to ensure fair treatment with all Participants.
2. The Debt-Based Crowdfunding Company shall not provide advice to Participants in relation to the Institutional Beneficiary's projects displayed on the Debt-Based Crowdfunding Platform.
3. The Debt-Based Crowdfunding Company shall not offer finance or grant facilitates to an Institutional Beneficiary in which one of the members of the board of the Debt-Based Crowdfunding Company, its directors, or its employees, as well as their spouses and first- or second-degree relatives has an interest.
4. The staff of the Debt-Based Crowdfunding Company, including members of the board and its committees, in addition to its major shareholders, shall not participate in any finance granted through the Platform. SAMA may issue regulatory controls to allow staff and major shareholders of the Debt-Based Crowdfunding Company to participate in finance granted through the Platform.

### **Chapter V: Supervision and Compliance**

#### **Article 30: SAMA Supervision**

1. The Debt-Based Crowdfunding Company shall:
  - a) Provide SAMA with any other required data, information, and/or documents in accordance with the forms, controls, instructions, and times determined by SAMA.

- b) Provide SAMA, upon its request, with all of the information and documents related to the Debt-Based Crowdfunding Company, its activities, shareholders, and staff. Refusal to do so shall be deemed a violation of the provisions of these Rules and the Law.
  - c) Enable SAMA's specialized staff and appointed auditors, upon request, to access facilities relevant to the Debt-Based Crowdfunding Company's business and all documents and data (including digital data).
2. The Debt-Based Crowdfunding Company and its staff shall not conceal, or attempt to conceal, any information, documents, violations or refrain from answering any inquiries made by SAMA.
  3. SAMA may take necessary actions to ensure the compliance of Debt-Based Crowdfunding Companies with the relevant rules, laws, regulations, and instructions. Such actions may include making supervisory or inspection visits to the Company's head office, meeting its staff, and reviewing its regulations, procedures, and records. SAMA may appoint a third party at the expense of the Debt-Based Crowdfunding Company to carry out any of the procedures taken in accordance with the provisions of the Rules.

### **Article 31: Compliance**

1. The Debt-Based Crowdfunding Company shall establish internal controls and procedures to ensure compliance with the Rules and all relevant laws, regulations, and instructions.
2. The Debt-Based Crowdfunding Company shall keep sufficient records to confirm compliance with the relevant rules, laws, regulations, and instructions, and it shall take the necessary procedures to prevent any violation of its provisions.
3. Without prejudice to the commitments contained in the Rules, the Debt-Based Crowdfunding Company shall not disclose any information to third parties without the approval of SAMA.
4. The Debt-Based Crowdfunding Company shall obtain a written non-objection letter from SAMA before partial or complete liquidation.

## **Chapter VI: Concluding Provisions**

### **Article 32: Non-Compliance**

Non-compliance with the provisions of the Rules shall be deemed a violation of the Finance Companies Control Law.

### **Article 33: Enforcement**

These Rules shall enter into force on the date of their publication on SAMA's official website.