

The Rules Governing Real Estate Refinance Companies

Ramadan 1443H / April 2022

Issued based on the powers vested in the Saudi Central Bank under the Real Estate Finance Law issued by Royal Decree No. (M/50) dated 13/8/1433H, 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

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Chapter I: Definitions and General Provisions

Article 1: Definitions

1. The terms and phrases used in these Rules shall have the same meanings as those defined in the Real Estate Finance Law and its Implementing Regulations.
2. The following terms and phrases, wherever mentioned in this document, shall have the meanings assigned to them unless the context otherwise requires:

SAMA: The Saudi Central Bank.

Law: The Real Estate Finance Law.

Rules: The Rules Governing Real Estate Refinance Companies.

Real Estate Refinance Company (the Company): A joint stock company licensed to engage in real estate refinance activities.

Real Estate Financier: Commercial banks and finance companies licensed to engage in real estate finance activities.

Real Estate Finance: Extending credit to a borrower to own a dwelling.

Real Estate Finance Contract: A deferred payment contract extended to a borrower to own a dwelling.

Real Estate Finance Contractual Rights Cash flows, mortgages, collaterals and other rights arising under a real estate finance contracts.

Borrower: A natural person who obtains a real estate finance.

Primary Market: Real estate contracts concluded between borrower and real estate financiers.

Secondary Market: Trading of the right of real estate finance entities resulting from primary market contracts.

Real Estate Refinance Activity: The refinancing of real estate financiers and entities engaging in real estate finance activities to provide liquidity and facilitate the trading of real estate contractual rights in capital markets.

Sector: The real estate finance sector.

Article 2: General Provisions

1. The Company shall be subject to the supervision and control of SAMA in accordance with the Real Estate Finance Law and its Implementing Regulations, the Finance Companies Control Law and its Implementing Regulations, and SAMA's instructions.
2. The Rules shall apply to companies licensed by SAMA to engage in real estate refinance activity.
3. The Company shall direct its services and products to real estate financiers. The company may, after obtaining a no-objection letter from SAMA, grant finance or purchase finance or acquire finance rights of non-real estate financiers.

Article 3

The Company shall carry out the trading of real estate contractual rights and facilitate cash flows to real estate financiers to:

1. Achieve growth and stability in the secondary market for real estate finance.
2. Provide liquidity to the secondary market and provide better access to real estate financiers to finance home ownership for borrowers.
3. Increase the liquidity of the real estate finance investments and ensure proper distribution of investment capital allocated for real estate finance among different regions and categories.
4. Become an intermediary between the Sector and domestic and foreign financing sources.

Article 4

1. To achieve its objectives, the Company may:
 - a. Acquire, hold and use due payments of any kind of finance obligations and rights related to financed residential real estate.
 - b. Issue securities in accordance with the Capital Market Law after obtaining a no-objection letter from SAMA regarding issuance programs.
 - c. Provide finance solutions for real estate financiers to finance individual borrowers.
 - d. Invest its cash in vault in a manner that enables it to manage its assets and liabilities with the utmost efficiency upon obtaining a no-objection letter from SAMA.
 - e. Issue bonds, sukuk, notes, securities, and other debt instruments to meet its objectives upon obtaining a no-objection letter from SAMA.
 - f. Carry out any other transactions that serve, complement or support its activities in conformity with its bylaws and after the approval of SAMA.

2. The Company may impose charges for its services, in order to cover all costs and expenses of its operations, make fair profits, and ensure being financially self-sufficient. SAMA is authorized to control and restrict the pricing of the services of the Company.

Article 5

The Company shall not:

1. Provide finance to a real estate financier using real estate finance contractual rights as collateral before making arrangements that ensure that such rights have been transferred to the real estate refinance company as collaterals.
2. Extend real estate finance directly to borrowers.
3. Acquire real estate/non-real estate assets other than those necessary to manage its business unless it has obtained a no-objection letter from SAMA.
4. Undertake partial or complete liquidation of its activity or itself as a whole without obtaining a no-objection letter from SAMA.

Chapter II: Capital Adequacy and Liquidity

Article 6

1. The Company shall comply with the levels of capital adequacy and liquidity required in accordance with the rules, requirements and criteria stipulated by SAMA, including the following:
 - a. Capital adequacy ratio as determined by SAMA.
 - b. Leverage ratio as determined by SAMA.
 - c. Minimum liquidity ratio to be implemented by the Company.
2. The Company shall not increase nor decrease its capital before obtaining a prior written approval from SAMA.

Chapter III: Corporate Governance

Article 7

All members of the board of directors or any of its committees must meet the professional eligibility, and the appointment and 'fit and proper' criteria set by SAMA. In particular, the member must:

1. Not combine work in supervising or auditing the Company with being a member in the board of the Company.
2. Not have been dismissed from a leadership or executive position in a financial institution as disciplinary measure.
3. Not be a board member in another real estate financier

4. Not have been convicted of violating the provisions of any penal law, the Banking Control Law, the Capital Market Law, the Cooperative Insurance Companies Control Law and its regulations, finance laws and their regulations, or any other laws or regulations inside or outside Saudi Arabia.
5. Not have been previously convicted of a breach of trust offense, unless rehabilitated, or unless 10 years have passed since the completion of the sentence and on the condition of obtaining a no-objection letter from SAMA.
6. Have the sufficient solvency, and have not breached any financial obligations towards their creditors nor have given an indication that they are unable to continue to meet their financial obligations towards their creditors.
7. Be informed of laws and instructions relevant to finance and fully versed in the tasks and responsibilities of board members.

Article 8

All candidates for senior management positions must meet the professional eligibility and 'fit and proper' requirements set by SAMA. In particular, the candidate must:

1. Be a permanent resident of the Kingdom of Saudi Arabia.
2. Be professionally qualified, in both applied and theoretical aspects, and must have at least five years of relevant experience.
3. Not have been dismissed from a previous job as a disciplinary measure.
4. Not have been convicted of violating provisions of any penal law or any provisions or regulations of the Capital Market Law, the Banking Control Law, the Cooperative Insurance Companies Control Law, or finance laws.
5. Not have declared bankruptcy or entered into a general settlement with any creditor.
6. Not have been previously convicted of a breach of trust offense, unless rehabilitated, or unless 10 years have passed since the completion of the sentence and on the condition of obtaining a no-objection letter from SAMA.
7. Have the sufficient financial solvency, and shall not have breached any financial obligations towards their creditors nor have given an indication that they are unable to continue to meet their financial obligations towards their creditors.

Article 9

1. The board of directors shall constitute specialized committees to expand the scope of its work in areas that require specific expertise. The board shall be responsible for determining the powers of the committees and monitoring their performance. The committees constituted shall include, at least, an

audit committee, a risk and credit management committee, an executive committee, and a nomination and remuneration committee.

2. The board of directors shall determine the Company's policies and work procedures regarding real estate refinance and is entitled to delegate specialized committees in a manner that would not impede the roles exercised by the board. Such policies and procedures must take effect upon receiving a no-objection letter from SAMA.

Article 10

1. The senior management of the Company shall constitute an assets and liabilities committee.
2. This committee shall assume its roles regarding assets and liabilities management, its expectations of the future, the potential effects of a change in term cost, and the requirements of liquidity and capital adequacy in line with the size and nature of the Company's operations.

Article 11

The Company's board of directors, general manager or CEO, managing director, and senior executives shall be held liable, in accordance with their respective mandates, for the Company's violation of the provisions of these Rules, the Real Estate Finance Law and its Implementing Regulations as well as the Finance Companies Control Law and its Implementing Regulations.

Article 12

1. The Company shall comply with the Principles of Corporate Governance for Financial Institutions supervised and controlled by SAMA.
2. The Company shall develop internal corporate governance regulations that must be approved by the board and submitted to SAMA. Such regulations must include at least the following:
 - a. A description of the organizational structure, including all departments and functions and their respective tasks and responsibilities.
 - b. Independence and separation of duties.
 - c. Internal control laws and regulations.
 - d. Roles of the board and its committees, the composition and duties of each.
 - e. Remuneration and compensation policies.
 - f. Conflict of interest controls.
 - g. Integrity and transparency controls.
 - h. Compliance with applicable laws and regulations.

- i. Methods for securing confidentiality of information.
- j. Safeguards for fair dealings.
- k. Protection of the Company's assets.
- l. Protection of stakeholders and dealing with other parties.

Article 13

The Company shall comply with the Requirements for Appointments to Senior Positions in Financial Institutions Supervised by SAMA.

Chapter IV: Activities of Real Estate Refinance Companies

Article 14

The Company and its employees shall maintain the confidentiality of the data of borrowers, and in particular:

1. The Company and its employees shall not disclose the personal or credit data and information of any borrower, whether directly or indirectly, unless such disclosure was made pursuant to their express written consent, a judgement of a competent court of law or any legal instance. The clause shall survive the expiry of the relationship.
2. Any person who has accessed information due to the nature of their profession or job or during the course of their work, whether directly or indirectly, shall maintain the confidentiality of the data and information related to borrowers. This includes chartered accountants and consultants appointed by SAMA or the Company.
3. The provisions of Paragraphs (1) and (2) above shall exclude the requirements of auditing and inspection carried out by SAMA or for the purpose of exchanging credit information or proving the right of a client in a legal dispute.

Article 15

1. The Company shall issue a policy approved by the board for the acceptance of real estate financiers
2. The Company shall issue a policy approved by the board for the acceptance criteria for real estate contracts to be acquired by such real estate financiers, in line with the strategy of the Company and its approved risk limits. Such policies shall be reviewed and updated periodically.
3. The Company shall have the right to grant direct financing to the real estate financier if the financier confirms meeting the conditions prescribed by the policy mentioned in Paragraph (1) of this Article.

Article 16

1. In accordance with the policy and procedures of risk management, approved by the company board, the finance must be by collaterals. Only collaterals that can be evaluated and are clear in the execution procedures shall be accepted.
2. Due diligence shall be implemented before purchasing loans to ensure economic feasibility from such loans and the adequate review of risks.
3. The Company shall undertake due diligence to confirm that the real estate financier has made necessary arrangements in case the value of the collaterals is substantially affected by the financial position of others or by market fluctuations and conditions. Such collaterals must be evaluated periodically by the real estate financier.
4. The Company, when providing finance, may require the real estate financier to replace the collaterals provided or provide additional qualified collaterals to compensate for any reduction in the market value or the book value of the collaterals provided.

Article 17

1. The Company shall keep all work documents, records and files in an orderly, transparent 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 with the relevant parties.
2. The Company shall ensure that the collateral is present and keep it in a safe place once the finance purchase is completed. Additionally, the Company may assign such task to a third party after obtaining a no-objection letter from SAMA.

Article 18

The Company shall take due diligence when providing its services, including without limitation:

- a. Real estate financier's credit risk.
- b. Finance management services.
- c. Collateral management.
- d. Owned real estate management.
- e. Accounting systems efficiency.

Article 19

The Company shall develop a policy to specify the minimum requirements for contracting with real estate financiers. Such policy must include at least the following:

1. Requirements for acceptance of a real estate financier to grant financing to borrowers.
2. The minimum content of contracts concluded with real estate financiers, which should include the qualified collaterals, duties of the real estate financier, rights of the Company in revision and disclosure, rights of access, and consequences of breaching contracts.
3. Requirements of finance contract documents.
4. Criteria for granting financing to borrowers, including criteria to assess creditworthiness and procedures to deal with declining credit rating during the contract term.
5. Criteria of collaterals accepted from borrowers.
6. Criteria for monitoring, management and enforcement of collaterals and risk provisions.
7. Loan seasoning requirements.
8. Credit exposure limits to ensure liquidity and financial adequacy in case of availability.
9. Review of the criteria and minimum requirements for collaterals to be provided by the real estate financier.
10. Required reporting by real estate financiers, including cash balance reporting, default and imminent default warnings and reporting, and reporting on breaches and risks.
11. Management of non-performing loans.

Article 20

1. The Company shall clarify the cases where it has the right to recourse against the real estate financier. Such cases must include:
 - a. Errors and omissions that lead to the financing being materially different from that agreed upon in the contract.
 - b. Fraudulent cases, such as directly or indirectly obtaining a form of financial benefit or making the same easy for others to obtain, causing the Company to incur any kind of losses.
2. The Company shall develop a supervisory program and procedures to randomly evaluate purchased loans in order to ensure that there are no errors, omissions, or fraud.

Article 21

1. The Company shall supervise the levels of exposures continuously to ensure conformity with the risk limits of the company.
2. The Company shall not exceed the legal exposure limits as determined by SAMA.
3. The Company shall report to SAMA immediately in the event it exceeds the legal exposure limits and provide a clear remedial plan to reduce such exposure.

Article 22

1. The Company shall ensure that the real estate financier adopts sound methods as well as clear and transparent written criteria and procedures for assessment of creditworthiness of finance applicants and their ability to repay in accordance with the best practices followed in this regard.
2. The Company shall have the right to prevent or restrict purchase of loans from any real estate financier in case such financier does not adopt clear, transparent and documented scientific methods, criteria and procedures to assess the creditworthiness of borrowers.

Chapter V: Internal Organization

Article 23

The Company shall establish appropriate written organizational policies, approved by the board, that include work manuals and workflow procedures. Such policies must be kept up to date on a regular basis and must be communicated to the relevant staff in an appropriate and timely manner that allows them to comply with such policies. The organizational policies must include at least the following:

1. Organizational and operational structure, ways of exercising duties, identification of responsibilities, and authority matrix.
2. Credit granting, operational processes, and purchase of loan portfolios.
3. Policy for acceptance of real estate financiers.
4. Treasury operations, including debt management operations.
5. Balance sheet management processes, including policies for management of balance sheet size.
6. Collateral management.
7. Business continuity and disaster recovery.
8. Information systems risk management.
9. Information technology systems protocols for each functional system, data processing protocols, and data privacy and security.
10. Document retention management.

11. Loan portfolio servicing management.
12. Term cost risk management.
13. Capital management.
14. Investment portfolio management.
15. Securitization and sukuk management program.
16. Liquidity management.
17. Financial management and accounting.
18. Risk management, assessment, treatment, control and disclosure.
19. Internal audit.
20. Compliance with relevant laws, regulations and instructions.
21. Outsourcing.
22. Salaries, bonuses and incentives, including the salaries and incentives of the members of senior management and staff and the incentives of the members of board and its committees.

Article 24

The Company shall not combine an executive function with a supervisory function. Functions must be separated in order to ensure the application of the recognized procedures, policies and technical standards to protect the Company's assets and funds and prevent fraud and embezzlement.

Article 25

1. The technological equipment and its relevant systems in the Company must be sufficient and consistent with the Company's operational needs, nature of activity, and risk profile according to the generally accepted technical standards.
2. Information technology systems and their processes shall be designed in a manner that ensures data availability, integration, integrity, and confidentiality. Such systems and processes shall be assessed by the Company on a regular basis in accordance with the generally accepted technical standards. They shall also be tested before they are used for the first time and after any changes are applied to them.
3. The Company shall establish a business continuity plan for emergencies that includes alternative solutions to restore its operations in a timely manner.

Article 26

The Company shall have sufficient and qualified human resources in terms of knowledge and expertise consistent with the Company's operational needs, business activities, and risk profile. Bonuses and incentives of staff shall be fair

and in line with the Company's risk management strategy, and shall not create a conflict of interest.

Article 27

1. At least 50% of all employees must be Saudi nationals when the Company starts operations. The percentage applies to all departments and organizational levels.
2. The percentage of Saudi nationals of total human resources shall be annually increased by 5% of all employees until it reaches 75%. Furthermore, SAMA may determine the minimum annual increase required thereafter.
3. Recruitment of non-Saudis in the Company shall be limited to positions that require expertise not available in the Saudi labor market.
4. Priority for appointment to senior positions shall be given to Saudi candidates. If the Company nominates a non-Saudi candidate to be appointed or interim appointed to a senior position, the Company shall provide justifications for the nomination, demonstrate the non availability of a qualified Saudi candidate for the position, develop and include an approved plan for replacement in the written no-objection request submitted to SAMA. The plan shall include the procedures, programs and courses the Company uses and conducts to train and qualify Saudi candidates for such positions as well as the time period required.

Chapter VI: Outsourcing

Article 28

1. The board of directors shall issue and annually update a written policy regulating outsourcing. Such policy shall include in particular the following:
 - a. Functions and responsibilities of the board of directors and senior management related to outsourcing as well as material functions that may not be outsourced except in emergency cases and for a short period of time.
 - b. Eligibility criteria for outsourcing providers.
 - c. Risk identification criteria and risk hedging measures
 - d. Rules for continuous monitoring and controlling of outsourced operations.
 - e. Criteria for identifying conflict of interest as well as rules and procedures which ensure safeguarding the interests of the Company and not putting the interest of the other party over the Company's interest.
 - f. Procedures to protect information and maintain its confidentiality and privacy.

2. The outsourcing contract must provide that SAMA, the external auditor and the Company may obtain any information or documents related to the work of the outsourcing provider or examine such data at its offices.
3. The Company shall ensure the outsourcing provider's compliance with relevant laws, regulations and instructions. The Company shall be held liable if the outsourcing provider shows lack of compliance with the applicable laws, regulations and instructions in all operations and tasks assigned to it.
4. The Company must obtain a no-objection letter from SAMA prior to any outsourcing arrangement that, in case of disruption or termination, may affect the Company's activities, reputation or financial situation, or if the tasks assigned include transferring, processing or saving the data and information of borrowers. In this case, the outsourcing provider shall not subcontract these tasks to any other provider unless the Company obtains a no-objection letter from SAMA.

Chapter VII: Risk Management

Article 29

The Company shall:

1. Establish a clear written business strategy and risk management policy to be approved and updated annually by the board. The risk management policy must cover all relevant types of risks and include actions for addressing them, taking into consideration all business activities, including outsourced processes and tasks.
2. Establish appropriate procedures to identify, assess, manage, monitor and report risks. Such procedures shall be included in a comprehensive risk management framework in order to ensure:
 - a. Early and comprehensive identification of risks.
 - b. Assessment of correlations between risks.
 - c. Immediate coordination with the board, audit committee, risk and credit management committee, senior management, concerned staff and the internal audit department, where necessary.
3. Establish a risk management function that reports directly to the risk and credit management committee. The committee shall present its views about risk management reporting to the board.

Article 30

1. The Company shall prepare a quarterly risk report to be discussed by the risk and credit management committee and the board of directors. The report shall include at least the following:

- a. A comprehensive review of risk development and performance of financial positions exposed to market price risks.
 - b. Amounts of financing assets owned by the company and the value of the collaterals covering the assets.
 - c. Term cost mismatch risk between financing assets and source of refinancing.
 - d. Total delinquencies.
 - e. Portfolio concertation risk.
 - f. Changes to assumptions and parameters which form the basis of risk assessment procedures.
 - g. The extent of limits granted, external credit lines, and non-performing loans, which shall be listed and commented on.
 - h. An analysis of the situations in which permissible limits are exceeded and a description of the reasons and risk provisions in the Company.
 - i. Exposures to bonds, sukuk, securities and any other financial derivative products.
 - j. Any major financing decisions that are inconsistent with the Company's strategies or policies.
2. The Company shall provide SAMA with the report referred to in Paragraph (1) of this Article, after being discussed and approved by the risk and credit management committee and the board, along with the decisions made in this regard.

Chapter VIII: Compliance

Article 31

The Company shall comply with applicable laws, regulations and instructions, and must take the necessary measures and procedures to avoid breaching their provisions.

Article 32

The Company shall:

1. Establish a compliance department or function, and assign a head of compliance reporting directly to the audit committee. Moreover, the audit committee shall raise their views about compliance reporting to the board.
2. Develop a written compliance policy to set out the functions, tasks and responsibilities of the compliance department and determine compliance programs and relevant processes. The compliance policy must be approved by the board. The audit committee, must ensure the implementation of the

policy, evaluate its effectiveness, update it and propose the necessary amendments on an annual basis.

3. Take the necessary procedures to ensure the implementation of the compliance policy referred to in Paragraph (2) of this Article.

Article 33

1. The compliance officer shall be appointed by a decision of the board based on the recommendation of the audit committee, after obtaining a no-objection letter from SAMA.
2. The compliance officer shall act independently regarding their tasks, and they shall not be assigned any other administrative responsibilities.

Article 34

The compliance officer shall submit a semiannual compliance report to the audit committee, and then to the board for review. The report shall identify the main compliance-related risks facing the Company, analyze existing processes and procedures and assess their effectiveness, and suggest any amendments or changes.

Article 35

The compliance department must have staff and resources commensurate with the business model and size of the Company. Compliance employees must report solely to the head of compliance. **Article 36**

The compliance department shall ensure the Company's compliance with applicable laws, regulations and instructions. It shall particularly perform the following tasks:

1. Identify and address risks of non-compliance and monitor their developments.
2. Analyze new policies, procedures and processes and suggest procedures to address relevant compliance risks.
3. Adopt a risk-based compliance program and include its findings in the report referred to in Article (34) of these Rules.
4. Formulate compliance-related guidance to staff where necessary.
5. Ensure that real estate financiers have internal policies and procedures to combat financial crimes, such as money laundering and terrorist financing.
6. Monitor compliance with all applicable anti-money laundering and counter terrorist financing laws, regulations, and rules.
7. Promote awareness of compliance issues and provide training to staff on compliance-related matters through periodic programs.

8. Immediately report to SAMA, and the audit committee any irregularities or violations.

Article 37

The Company shall comply with the legal requirements mentioned 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 Company shall also comply with the requirements and instructions issued by SAMA on financial crimes and fraud.

Chapter IX: Internal Audit

Article 38

1. The Company shall establish an internal audit department that reports directly to the audit committee. The internal audit department shall be independent in performing its duties, and its employees shall not be assigned any other responsibilities.
2. The internal audit department shall assess the internal control system to ensure that the Company and employees comply with applicable laws, regulations and instructions as well as the Company's policies and procedures, whether the processes are internally managed or outsourced. The internal audit department shall have full and unlimited access to information and documents.

Article 39

1. The internal audit department shall operate according to a comprehensive audit plan approved by the audit committee and updated on an annual basis.
2. Major activities and processes, including those related to risk management and compliance, must be audited at least annually.

Article 40

1. The internal audit department shall prepare and submit to the audit committee a written report on its work at least semiannually. This report must include the scope of the audit, all findings and recommendations. It must also include the actions taken by each department in respect of the findings and recommendations of the previous audit and any related

observations, especially if they have not been settled on time and the reasons for their unsettlement.

2. The internal audit department shall prepare and submit to the audit committee a written general report on all audits made in a fiscal year. The report must compare the audits with the approved plan and state any gaps or deviation from the plan, if any. The report must be submitted within the first quarter following the end of the relevant fiscal year.
3. The Company shall maintain the audit reports and work documents that clearly show the work carried out as well as findings and recommendations, and the actions taken on these recommendations.

Chapter X: Supervision of Real Estate Refinance Companies

Article 41

The Company shall provide SAMA with prudential data at the specified times as per the forms, controls and instructions set by SAMA.

Article 42

1. The Company shall provide SAMA with its quarterly financial statements, prudential returns, auditor's report and risk report after being discussed and approved by the risk and credit management committee and the board, along with the decisions made in this regard. These documents must be submitted within (30) working days from the end of the quarter.
2. The Company shall provide SAMA with its audited annual financial statements, auditor's report and the board's report within (45) working days from the end of the calendar year.
3. The Company shall provide SAMA with its annual prudential returns within (60) working days from the end of the calendar year.
4. The Company shall immediately report to SAMA any losses exceeding (15%) of its paid-up capital.
5. SAMA may amend the periods specified in this Article when deemed necessary.

Article 43

The Company shall obtain a no-objection letter from SAMA prior to the approval of any distribution of profits. Such distribution must not cause capital adequacy or liquidity to drop below the levels required in accordance with the rules, requirements and standards determined by SAMA.

Article 44

The Company shall obtain a no-objection letter from SAMA prior to the launch of any new finance products or modification of any existing products.

Article 45

1. The Company shall adopt the International Accounting Standards in preparing its accounts and financial statements.
2. The Company shall make provisions for potential losses and risks in line with the International Accounting Standards. SAMA may require the Company to make an additional provision or more to meet potential losses and risks.
3. Subject to the International Accounting Standards, the Company shall define criteria for assets value reduction, provisioning standards and regularly verify their implementation.

Article 46

1. The Company shall obtain a no-objection letter from SAMA before appointing an external auditor.
2. SAMA may require the Company to replace the external auditor or appoint another external auditor at the Company's expense in the following cases:
 - a. If the business size and nature require so.
 - b. If the external auditor has committed a breach of professional conduct.
 - c. If there is a reason to believe that the external auditor has a conflict of interest.
 - d. If necessary for the protection of the sector or governance considerations and the protection of shareholder's interest.
3. The external auditor shall immediately report to SAMA all facts of which they obtain knowledge in the course of an audit that could:
 - a. Justify the reservation in the audit report or the abstention from giving an opinion.
 - b. Jeopardize the existence of the Company.
 - c. Seriously impair the Company's development.
 - d. Indicate an evidence that the executives violate any of the laws, regulations or instructions applicable in Saudi Arabia or the internal policies and procedures of the Company.
 - e. Terminate the contract before its expiry, along with the reasons in this regard.
4. SAMA may require the external auditor to explain their report or disclose other facts of 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 47

1. The Company, its board members and employees shall immediately provide SAMA, upon request, with all information and documents concerning the Company, its activities, shareholders and staff.
2. SAMA may inspect the records and accounts of the Company either by SAMA's staff or auditors appointed by SAMA, provided that the inspection takes place at the Company's offices.
3. The Company and its employees shall facilitate the task of whom Sama appoints for inspection particularly as follows:
 - a. Providing the inspector with the Company's records, accounts and documents they deem necessary to perform their task.
 - b. Providing the inspector with information and explanations immediately upon their request.
 - c. Disclosing any violations or irregularities in the Company's operations to the inspector at the beginning of their task.
4. The Company shall adhere to the recommendations and instructions given by SAMA to address the observations of inspection visits.
5. The Company and its employees shall not conceal or attempt to conceal any information or irregularities, refrain from answering any inquiries made by the inspector, or delay the submission of requested information and documents.
6. SAMA's employees in charge of supervision, control, and inspection shall not be vulnerable to any claims as a result of performing their duties.

Article 48

The Company shall bear the expenses of any third party appointed by SAMA to perform any of the procedures taken in line with the provisions of this Chapter.

Article 49

The Company shall publish its audited annual financial statements and the board's report within a maximum of five working days after being provided to SAMA. It shall also publish any other report that SAMA may request.

Chapter XI: Secondary Market

Article 50

1. The Company shall obtain a no-objection letter from SAMA before trading the programs and products relating to real estate finance contractual rights in the secondary market.
2. The Company shall, before trading real estate finance contractual rights in the secondary market, prepare a report that provides a comprehensive plan in this regard. The report must be submitted to SAMA and include at least the following:
 - a. Procedures for finance collection and sukuk structuring, and credit improvement methodologies.
 - b. Feasibility study for the program, including its potential impact on the balance sheet of the Company, financiers, housing sector, housing finance markets and capital markets.
3. The Company shall comply with the relevant laws and regulations.
4. The Company shall fulfil any additional requirements SAMA may impose.
5. SAMA has the right to restrict or prevent trading of real estate finance contractual rights in the secondary market.

Chapter XII: Concluding Provisions

Article 51

These Rules shall be read in conjunction with the Finance Companies Control Law issued by Royal Decree No. (M/51) dated 13/8/1433H and its Implementing Regulations, the Real Estate Finance Law issued by Royal Decree No. (M/50) dated 13/8/1433H, and its Implementing Regulations.

Article 52

Without prejudice to the provisions of the Laws and their Implementing Regulations, SAMA may exempt the Company from some of the provisions of these Rules without negatively affecting the sector.

Article 53

These Rules shall enter into force (180) days after the date of their publication.

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