

Licensing Requirements for Debt-Based Crowdfunding Activity

I. Introduction:

The Finance Companies Control Law and the Rules for Engaging in Debt-Based Crowdfunding set forth the provisions regulating licensing for debt-based crowdfunding activity. SAMA has prepared and published the required licensing forms on its website, which can be viewed through the following link: www.sama.gov.sa/ar-sa/Laws/Pages/Finance.aspx.

II. License Application Instructions for Debt-Based Crowdfunding:

1. The license application must not be modified in any way. The license application and a copy thereof must be submitted by the founders or their duly authorized representative.
2. The forms and documents listed in the license application must be submitted in hard or soft copies, as specified in the checklist.
3. The terms and phrases mentioned in the license application shall have the same meanings stated in the Finance Companies Control Law and the Rules for Engaging in Debt-Based Crowdfunding. The term "Applicant" shall mean the founders or shareholders of the company applying to obtain SAMA's approval to complete the incorporation procedures and obtain a license to practice debt-based crowdfunding 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 and inquiries can be submitted through the following e-mail: LICFCC@SAMA.GOV.SA.

III. Required Documents:

The forms and documents specified in the checklist in the license application may be submitted in hard copies or using a USB flash drive containing identical electronic copies, as stated in Section IV below. The forms and documents may also be submitted electronically through the e-mail provided in Section II above. The original documents must be presented upon request.

IV. Documents Required to be Attached to the License Application:

1. License application letter (hard or soft copy).
2. SAMA's license application [form](#), after completing all sections (soft copy).
3. A copy of the company's [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 (soft copy).
4. A list of founding members or shareholders/partners, the shares they own in the company, and their percentage.
5. The organizational structure including all necessary departments and functions with their mandates (soft copy).

6. SAMA's Fit and Proper [Form](#) for each founding member after being completed, signed by each founding member and approved by the person authorized to submit the license application (hard or soft copy).
7. SAMA's Fit and Proper [Form](#) for each candidate for membership in the board of directors and its sub-committees after being completed and signed by the candidate and approved by the person authorized to submit the license application (hard or soft copy).
8. Economic feasibility study and business plan, according to the details specified in the license application.
9. An irrevocable [bank guarantee](#) for an amount equivalent to the minimum capital for the activity to be licensed, issued in favor of SAMA by a local bank and automatically renewed until the capital is paid in full.
10. As an exception to Paragraph (9) of this Section, the bank guarantee provided to companies that practice the activity only through financial technology must be equivalent to 20% of the minimum capital of the activity, provided that the minimum capital is paid before obtaining the final license.
11. Draft agreements and contracts proposed with third parties, especially agreements and contracts with related parties and external service providers (soft copy).

V. Licensing Procedures:

1. The license applicant must complete the license application as described in Sections III and IV above and submit the application to SAMA along with all the attachments listed in the application's checklist.
2. SAMA will notify the license applicant, in writing, of the completion of their application upon fulfilling all the requirements stipulated in the Rules of Licensing Finance Support Activities.
3. After completion of the application, SAMA will notify the applicant, in writing, of its initial approval or reasoned rejection within 60 business days from the application completion notification. SAMA's initial approval must not be considered a license or permission to practice the activity.
4. 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. The company must provide SAMA with the following: a. a copy of the commercial register, the memorandum of association, and the articles of association after the company's establishment or regularization. b. proof of full payment of the capital and any additional initial funding indicated in the business plan. c. proof that all necessary steps to start practicing the activity have been taken, such as recruiting human resources and procuring systems and equipment.
5. The company must provide SAMA with proof that the company has obtained the Legal Entity Identifier (LEI) from the Saudi Operating Unit accredited by the Global Legal Entity Identifier Foundation (GLEIF).
6. SAMA's staff will visit the company's premises, meet the executives, and review the regulations, procedures and records to verify that the regulatory requirements are met and that the company is ready to practice the activity.
7. SAMA will issue a decision to grant the license after the company fulfills the requirements mentioned in this Section's Paragraphs (4) and (5).