



FOREIGN INVESTMENT RULES AND REGULATIONS

Investment Development Center

Asharqia Chamber

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Introduction

The Kingdom of Saudi Arabia has witnessed phenomenal growth in the last few years. The Saudi government has made tremendous progress on its plans for reforms and investment by using the vast amount of oil reserves. Now, it is seeing growth in all sectors such as in petrochemicals, construction, telecommunication, education, and many more.

Currently, many foreign investments are coming in due to the growth and the enormous future investment opportunities available in the Kingdom. As a result, the Investment Development Center at the Asharqia Chamber is proud to take the initiative to compile a handbook on the steps that are to be taken and the rules and regulations that are needed to be followed in order to serve the foreign investors in facilitating the investment application process better.

We hope that this handbook proves beneficial to the investor and we welcome any feedback pertaining to the rules and regulation.

Investment Development Center,

Asharqia Chamber

Saudi Arabian General Investment Authority (SAGIA)

Licensing Conditions

The conditions for granting a Foreign Investment license by The Authority shall include the following:

- The investment activity to be licensed should not be in the *List of Excluded activities from Foreign Investment* (shown on page 2).
- The intended Product should comply with the Kingdom's rules and regulations, or the laws of the European Union or the United States of America in the absence of those laws, in terms of standards and specifications, raw materials and production processes.
- The license applicant should be a natural or nominal person who has come to the Kingdom for investment.
- The Foreign Investor should not have been convicted in the past for substantial violations of the provisions of The Act.
- The Foreign Investor should not have been convicted in the past of financial or commercial violations whether in the Kingdom or in other countries.
- The grant of a license shall not result in the breach of any international or regional agreement to which the Kingdom is a party.

Starting a Business

1. Investment License

In order to qualify for an investment license, the proposed investment activity should not be mentioned in the list of excluded activities; the product standards and production processes must be in accordance with the prevailing laws in the Kingdom or, in their absence, the laws of the European Union or the United States of America. A foreign investor may obtain more than one license to practice the same activity or different activities.

2. Guides for licensing a new project

Please see page 5.

3. Business Visit Visas

Business Visit Visas are issued from the Saudi Arabian Embassies worldwide to facilitate the business community.

4. Commercial Registration

Companies operating in Saudi Arabia must register their businesses with the Ministry of Commerce and Industry and obtain a Commercial Registration (CR) number.

List of excluded activities from foreign investment

1. Industrial Sector

- a. Oil exploration, drilling and production. Except the services related to mining sector listed at (CPC 5115+883) in International Industrial classification codes.
- b. Manufacturing of military equipment, devices and uniforms.

2. Service Sector

- a. Catering to military sectors.
- b. Security and detective services.
- c. Real estate investment in Makkah and Madinah.
- d. Tourist orientation and guidance services related to Hajj and Umrah.
- e. Recruitment and employment services including local recruitment offices.
- f. Real estate brokerage.
- g. Printing and publishing. Except the following activities:
 - o Pre-printing services internationally classified at (CPC 88442)
 - o Printing Presses internationally classified at (CPC 88442)
 - o Drawing and calligraphy internationally classified at (CPC 87501)
 - o Photography internationally classified at (CPC 875)
 - o Radio and Television Broadcasting Studios internationally classified at (CPC 96114)
 - o Foreign Media Offices and Correspondents internationally classified at (CPC 962)
 - o Promotion and Advertising internationally classified at (CPC 871)
 - o Public Relations internationally classified at (CPC 86506)
 - o Publication internationally classified at (CPC 88442)
 - o Press Services internationally classified at (CPC 88442)
 - o Production, selling and renting of computer software internationally classified at (CPC 88)
 - o Media consultancies and studies internationally classified at (CPC 853)
 - o Typing and copying internationally classified at (CPC 87505 + 87904).
 - o Motion picture and video tape distribution services internationally classified at (CPC 96113).
- h. Commission agents internationally classified at (CPC 621).
- i. Audiovisual and media services.
- j. Land transportation services, excluding the inter-city passenger transport by trains.

- k. Services provided by midwives, nurses, physical therapy services and quasi-doctoral services internationally classified at (CPC 93191).
- l. Fisheries.
- m. Blood banks, poison centers and quarantines.

Government Procedures

Commerce and Industry

The required documents for each procedure	
Direction	Documents
Asking about commercial name	1. Fill complete form of asking and reserve commercial name
Reserve of commercial name	1. Fill complete form of asking and reserve commercial name
Individual Establishment Commercial Registration	1. Investment License
	2. License from Governmental aspects related to the activities which its practice required license.
	3. Ownership deed or lease agreement for the establishment.
	4. Copy of family book or civil registration card or(Iqama) along with the original for the merchant himself or establishment manager, along with submitting evident for the occupation from Civil affairs
	5. Complete the following forms by clear letters: (Individual establishment registration application (main or branch), Declaration & obligation, registration draft along with determining main or branch.
	6. Copy of Chamber of Commerce membership after registration.
	7. Abide to assign Saudi Manager, not employed by Government, to complete registration procedures and manage the establishment in case the activity is mixed (concerning female).
	8. The applicant must be more than 18 years old and also the manager.
	9. The application must be submitted by establishment owner or according to legal power of attorney.
Preliminary application for company commercial registration	1. Investment License
	2. Contract of establishing the company.
	3. Confirmation of the partners in the company.

	4. Book and publish the commercial name
	5. The application must be submitted according to Power of attorney or authorization letter authenticated by Chamber of Commerce and Industry signed by company manager or one of the partners.
application for company commercial registration	1. Investment license
	2. Copy of company agreement approved by Notary public.
	3. Partners decisions of assigning company manager/s in case not mentioned in the contract authenticated by Chamber of Commerce and Industry.
	4. Lease contract for company location or ownership deed.
	5. Capital deposit certificate in case cash deposit.
	6. Clear copy for the manager/s showing occupation along with the original for verification.
	7. License from related aspects if the activity required so.
	8. Submit a copy of Chamber of Commerce membership after receiving the Commercial Registration.
	9. Complete the following forms in clear letters: (Company Registration application, Company Registration Draft Declaration & Obligation, annex showing the partner persons in the company, a list for company managers).
Establishment branch commercial registration	1. Investment License.
	2. License from Governmental aspects related to the activities which its practice required license.
	3. Ownership deed or lease contract for branch location.
	4. Copy of family book or civil registration card or(Iqama) along with the original for the merchant himself or establishment manager, along with submitting evident for the title from Civil affairs
	5. Complete the following forms by clear letters: (Individual establishment registration application (main or branch), Declaration & obligation, registration draft along with determining main or branch.
	6. Copy of Chamber of Commerce membership after registration.
	7. Copy of main Registration certificate "related to the branch"
	8. Attach copy of Chamber of Commerce membership for the main registration "related to the branch".
	9. Letter for open commercial books for the branch registration "related to the branch"
	10. The applicant must be more than 18 years old and also the manager.
	11. Abide to assign Saudi Manager, not employed by Government, to complete registration procedures and manage the establishment in case the activity is mixed (concerning female).

Company branch commercial registration	1. Investment License.
	2. Lease contract for branch location or ownership deed.
	3. Copy of main commercial registration.
	4. Clear copy of branch manager ID. Showing the occupation along with original for verification. And license from related aspects if the activity was required so.
	5. Partners decision to open the branch and assign its manager, determining his authorities authenticated by Chamber of Commerce and Industry. Copy of Company contract and its annexes, previous decisions if any.
	6. Copy of a valid Chamber of Commerce and industry membership for the main registration.
Application for company branch commercial registration	1. Investment License.
	2. Lease contract for branch location or ownership deed.
	3. Copy of main commercial registration.
	4. Clear copy of branch manager ID. Showing the occupation along with original for verification. And license from related aspects if the activity was required so.
	5. Copy of a valid Chamber of Commerce and industry membership for the main registration.
	6. Copy of Company contract and its annexes, previous decisions if any, including branch activity.
	7. Partners decision to open the branch and assign its manager, determining his authorities authenticated by Chamber of Commerce and Industry.
Renew of Individual Establishment commercial registration certificate	1. Valid License for amendment investment
	2. Original commercial registration certificate
	3. Copy of valid Chamber of Commerce & Industry membership.
	4. Clear copy of ID's of new partners and Iqama of manager's showing their occupation attached with original for verification in case the amendment related to partners and managers.
	5. Lease agreement for location or ownership deed if the amendment for address.
	6. License from related aspects if the activities to be added required so.
	7. Signing Declaration and obligation.
Renew of Civil Registration certificate for companies	1. License for amendment investment
	2. Original commercial registration certificate
	3. Copy of valid Chamber of Commerce & Industry membership.
	4. Clear copy of ID's of new partners and Iqama of manager's showing their occupation attached with original for verification in case the amendment

	related to partners and managers.
	5. Lease agreement for location or ownership deed if the amendment for address.
	6. License from related aspects if the activities to be added required so.
	7. Signing Declaration and obligation.
Amend Est. Commercial Registration	1. License for amendment investment
	2. Original commercial registration certificate
	3. Copy of valid Chamber of Commerce & Industry membership.
	4. Clear copy of ID's of new partners and Iqama of manager's showing their occupation attached with original for verification in case the amendment related to partners and managers
	5. Lease agreement for location or ownership deed if the amendment for address.
	6. License from related aspects if the activities to be added required so.
	7. Signing Declaration and obligation.
Study company decision to amend Company establishing contract	1. copy of latest decision of amendment for establishing contract for the items to be amended.
	2. Copy of authenticated establishing contract
	3. Copy of latest decision of amendment done on establishing contract.
	4. Investment License.
	5. Copy of Commercial Registration.
Amend Commercial Registration for companies.	1. License for amendment investment
	2. Original commercial registration certificate
	3. Copy of valid Chamber of Commerce & Industry membership.
	4. Clear copy of ID's of new partners and Iqama of manager's showing their occupation attached with original for verification in case the amendment related to partners and managers.
	5. Lease agreement for location or ownership deed if the amendment for address.
	6. License from related aspects if the activities to be added required so.
	7. Signing Declaration and obligation.
	8. Copy of partner decision authenticated by Notary Public
	9. Publish of partner decision authenticated by Notary Public
Transfer Company to Establishment	1. Investment License
	2. License from related aspects if the activities to be practice required so.
	3. Ownership deed or lease agreement for Est.

	<p>4. Copy of family book or civil registration card or (Iqama) along with the original for the merchant himself or establishment manager, along with submitting evident for the occupation from Civil affairs</p> <p>5. Copy of Chamber of Commerce membership upon registration.</p> <p>6. Complete the forms (application for individual Est. registration, declaration & obligation, Registration certificate draft, form for canceling company registration, certificate form for canceling commercial registration, form, partner decision form).</p>
Transfer Est. to Company	<p>1. Investment License.</p> <p>2. Copy of company contract authenticated by Notary Public.</p> <p>3. Partner decision to assign company manager/s in case the contract excludes this data, authenticated by Chamber of Commerce and Industry.</p> <p>4. Lease agreement company location or ownership deed.</p> <p>5. Clear copy of ID's of manager/s showing their occupation attached with original for verification</p> <p>6. License from related aspects if the activities to be practice required so.</p> <p>7. Submit a copy of Chamber of Commerce and Industry upon receiving commercial registration certificate.</p> <p>8. Complete the forms (Company Registration application, Company Registration Draft, Declaration & Obligation, annex showing the partner persons in the company, certificate for cancellation).</p>
Application of substitute damage of Est. commercial Registration certificate,	<p>1. The original commercial registration certificate</p> <p>2. Attach copy of Chamber of Commerce membership certificate.</p> <p>3. Complete the following forms in clear letters: (declaration, obligation, registration draft along with determining type of commercial registration "company" or "Establishment" or "Company branch" or "Establishment branch").</p>
Application of substitute loss for Est. commercial registration certificate.	<p>1. Announcing in daily newspaper, or notify to general security police.</p> <p>2. Submit the newspaper that announce at.</p> <p>3. Attach a copy for the loss commercial registration certificate.</p> <p>4. Attach Chamber of Commerce membership. Application of substitute loss for Est. commercial registration certificate.</p> <p>5. Complete the following forms in clear letters: (declaration, obligation, registration draft along with determining type of commercial registration "company" or "Establishment" or "Company branch" or "Establishment branch").</p>
Application of substitute loss for Company commercial registration certificate.	<p>1. Announcing in daily newspaper, or notify to general security police.</p> <p>2. Submit the newspaper that announce at.</p> <p>3. Attach a copy for the loss commercial registration certificate.</p> <p>4. Attach Chamber of Commerce membership.</p>

	5. Complete the following forms in clear letters: (declaration, obligation, registration draft along with determining type of commercial registration "company" or "Establishment" or "Company branch" or "Establishment branch").
Application of substitute damage of company commercial Registration certificate,	1. The original commercial registration certificate
	2. Attach copy of Chamber of Commerce membership certificate.
	3. Complete the following forms in clear letters: (declaration, obligation, registration draft along with determining type of commercial registration "company" or "Establishment" or "Company branch" or "Establishment branch").
Trade mark registration	1. Copy of commercial registration certificate.
	2. Fill the application form for trade mark registration.
	3. 10 copies for the trade mark of size X7
	4. Submit each trade mark in separate file.
Cancel Commercial Registration.	1. Original of commercial registration certificate.
	2. Partners decision of canceling branch registration certificates authenticated by Chamber of Commerce and Industry.
	3. Settling the employees upon canceling the main commercial registration certificate.
	4. Settlement from Zakah and Income "canceling certificate".

SAGIA

The required documents for each procedure	
Direction	Documents
New license for individuals	1. License application
	2. Investment request application
	3. Authorization of the applicant
	4. Copy of passport.
	5. Obligation to abide industrial specification.
	6. Declaration of not residing in the Kingdom of Saudi Arabia within the last two years or, non objection letter from the last sponsor authentication from Chamber of Commerce in case working in the KSA within the last two

	years.
	7. Copy of Commercial registration certificate in case of previous project.
	8. The last balance sheet for the project in case of previous project.
	9. Zaka settlement Certificate in case of previous project. New license for individuals
	10. Obligation to fulfill the specifications of industrial projects.
New License for comp./Est.	1. License application
	2. Investment request application
	3. Authorization of the applicant
	4. Board of Directors decision for foreign companies for investment.
	5. Copy of commercial registration for the companies or Civil registration card (Saudi Individuals).
	6. Obligation to fulfill the specifications of industrial projects.
	7. Declaration of not residing in the Kingdom of Saudi Arabia within the last two years or, non objection letter from the last sponsor authentication from Chamber of Commerce in case working in the KSA within the last two years.
	8. Copy of Commercial registration certificate in case of previous project.
	9. The last balance sheet for the project in case of previous project.
	10. Zaka settlement Certificate in case of previous project.
Electronic License	1. License application
	2. Investment request application
	3. Authorization of the applicant
	4. Board of Directors decision for foreign companies for investment.
	5. Copy of commercial registration for the companies or Civil registration card (Saudi Individuals).
	6. Obligation to fulfill the specifications of industrial projects.
	7. Declaration of not residing in the Kingdom of Saudi Arabia within the last two years or, non objection letter from the last sponsor authentication from Chamber of Commerce in case working in the KSA within the last two years.
New license for foreign companies branches.	1. Company establishing contract.
	2. Board of Director decision.
	3. Authorization for the applicant.
	4. Obligation to fulfill the specifications of industrial projects.

	5. Declaration of not residing in the Kingdom of Saudi Arabia within the last two years or, non objection letter from the last sponsor authentication from Chamber of Commerce in case working in the KSA within the last two years.
License renewal	1. letter requesting renewal authenticated by Chamber of Commerce stating updating address and tel. numbers.
	2. Copy of Zaka settlement certificate.
	3. Original investment license.
Change ownership to heirs	1. Partners stamped decision
	2. The last balance sheet.
	3. Copy of Zaka settlement certificate.
	4. Authorization for the applicant.
	5. Commercial Registration certificate.
	6. Establishing contract and its annexes.
	7. Restrain heritage deed.
	8. heirs IDs
	9. Letter stating legal limit of the heirs
	10. Approval of Saudi Industrial Development fund for the Industrial projects.
Amendment of company/Est.name in the project	1. Partners decision.
	2. Latest balance sheet.
	3. Copy of Zaka settlement certificate.
	4. Commercial Registration for the main organization.
	5. Commercial Registration for the partner requesting to amend his name.
	6. Approval of Saudi Industrial Development fund for the Industrial projects.
	7. Authorization for the applicant.
Extension for the Industrial/non-industrial companies.	1. Partners decision.
	2. Latest balance sheet.
	3. Copy of Zaka settlement certificate.
	4. Authorization for the applicant.
	5. Commercial Registration
	6. Application for final state.

	7. Establishing contract and its annexes.
Changing commercial name and legal state entity.	1. Partners decision.
	2. Latest balance sheet.
	3. Copy of Zaka settlement certificate.
	4. Authorization for the applicant.
	5. Commercial Registration
	6. Establishing contract and its annexes.
	7. Approval of Saudi Industrial Development fund for the Industrial projects.
	8. Approval of Ministry of Commerce for the proposed
Changing project location	1. Partners decision.
	2. Latest balance sheet.
	3. Copy of Zaka settlement certificate.
	4. Authorization for the applicant.
	5. Commercial Registration
	6. Establishing contract and its annexes.
Decreasing the Capital	1. Partners decision.
	2. Latest balance sheet.
	3. Commercial Registration
	4. Authorization for the applicant.
	5. Copy of Zaka settlement certificate.
	6. Establishing contract and its annexes.
	7. License application for the latest state after amendment for the industrial projects.
Increasing employees for industrial projects	1. Partners decision.
	2. reasons for excuse.
	3. Establishing contract and its annexes.
	4. Authorization for the applicant.
	5. Commercial Registration
	6. Copy of Zaka settlement certificate.
Joint venture Industrial/non-industrial	1. Board of Directors decision for joint venture premises.
	2. Joint venture agreement.

	3. Copy of Zaka settlement certificate.
	4. Commercial Registration
	5. Establishing contract and its annexes.
	6. Letter of Industrial developing fund.
	7. Filling the application of license for final state after joint venture.
	8. Authorization for the applicant.
Open marketing offices/centers	1. Partners decision.
	2. Latest balance sheet.
	3. Authorization for the applicant.
	4. Commercial Registration
	5. Determine the location.
	6. Copy of Zaka settlement certificate.
Close & liquidation of organization	1. Partners decision.
	2. Commercial Registration Certificate cancellation
	3. Establishing contract and its annexes.
	4. Contact passport office to determine the investor state.
	5. Authorization for the applicant.
	6. Original License.
Own real estate for construct administration location or warehouse or accommodation for employees.	1. Partners decision.
	2. Copy of Zaka settlement certificate.
	3. Commercial Registration
	4. Latest balance sheet.
	5. Preliminary approval
	6. Approval from Ministry of Municipality and Rural affairs
	7. Municipality License.
	8. Area as necessary.
	9. Copy of real estate ownership deed.
Own the real estate for construct personal residence	1. Partners decision.
	2. Copy of Zaka settlement certificate.
	3. Latest balance sheet.
	4. Copy of commercial registration.
	5. Preliminary approval from the owner.

	6. Copy of real estate ownership deed.
	7. Area as necessary.
	8. Municipality License for construction.
	9. Municipality License
Application for own industrial structures	1. Partners decision.
	2. Commercial registration.
	3. Preliminary approval from the owner.
	4. Approval from Ministry of Municipality and Rural affairs
	5. Copy of real estate ownership deed.
	6. Area as necessary.
	7. Copy of Zaka settlement certificate.
Join and leave partners	1. Partners decision.
	2. Latest balance sheet.
	3. Copy of Zaka settlement certificate.
	4. Authorization for the applicant.
	5. Commercial registration.
	6. A letter for requested amendment.
	7. Establishing contract and its annexes.
	8. Sale agreement authenticated.
	9. Letter of Industrial developing fund.

Saudi Industrial Development Fund (SIDF)

Procedure for Application

1. Registration and Evaluation

Loan Application:

1. A completed loan application form
2. A copy of the industrial license
3. Feasibility study

Once all the required information and documentations are provided, your loan application will be officially registered and given a number. Finally a lending recommendation will be made to the management committee (for loans to or under SR 5 million) or Board of Directors (for loans over SR 5 million). You will be notified of the final decision after this process is completed.

2. Legal Procedures

When SIDF approves the loan, a commitment letter will be sent to the sponsor informing him of the loan's terms and conditions. The loan agreement and follow up agreement will be prepared upon the sponsor's acceptance of this offer by signing and returning the commitment letter to SIDF.

Documents necessary for signing the loan agreement are as follows:

- a) Original Industrial License Document or a copy stamped by the Ministry of Commerce & Industries.
- b) Original of Commercial Registration document or a copy stamped by the Ministry of Commerce & Industries.
- c) A copy of the Articles of Association (AoA) certified by a Notary Public and published (in the case of companies only). The copy should also be stamped by the Chamber of Commerce.
- d) A copy of relevant land lease agreement documents or original land title deed.
- e) Authorization by the company's board of directors or power of attorney to the individual who will sign the Loan Agreement, related agreements and Order Notes.
- f) List of fixed assets of the project including buildings (provide detailed building areas), machinery and equipment (provide a detailed list indicating type, description, serial number and origin), vehicles, furniture and any other fixed assets to be mortgaged.

Following the signing of the loan agreement, the borrower will register a mortgage in favor of SIDF or provide alternative security, or both, according to terms of the loan.

3. Loan Disbursement

The loan disbursement takes place after the signing of the Loan Agreement, registering the mortgage, obtaining the required guarantee (if any) and fulfillment of special conditions relating to disbursement (if any).

In order to facilitate disbursement, the borrower must follow the procedure outlined below:

- a) Open a separate and independent bank account for the project.
- b) Maintain basic accounting records for the project.
- c) Establish and maintain a proper filing system for all documents supporting recorded costs (contracts, invoices, receipts, shipping and custom documents, bank statements, etc.)
- d) Employ a qualified accountant for the project. Once SIDF approves the loan, the accountant must visit SIDF and meet with one of the officers in the Audit Division who will supply him with the requisite format and instructions for preparation of a disbursement request file for SIDF.
- e) Avoid payment of cash for any part of the project cost.

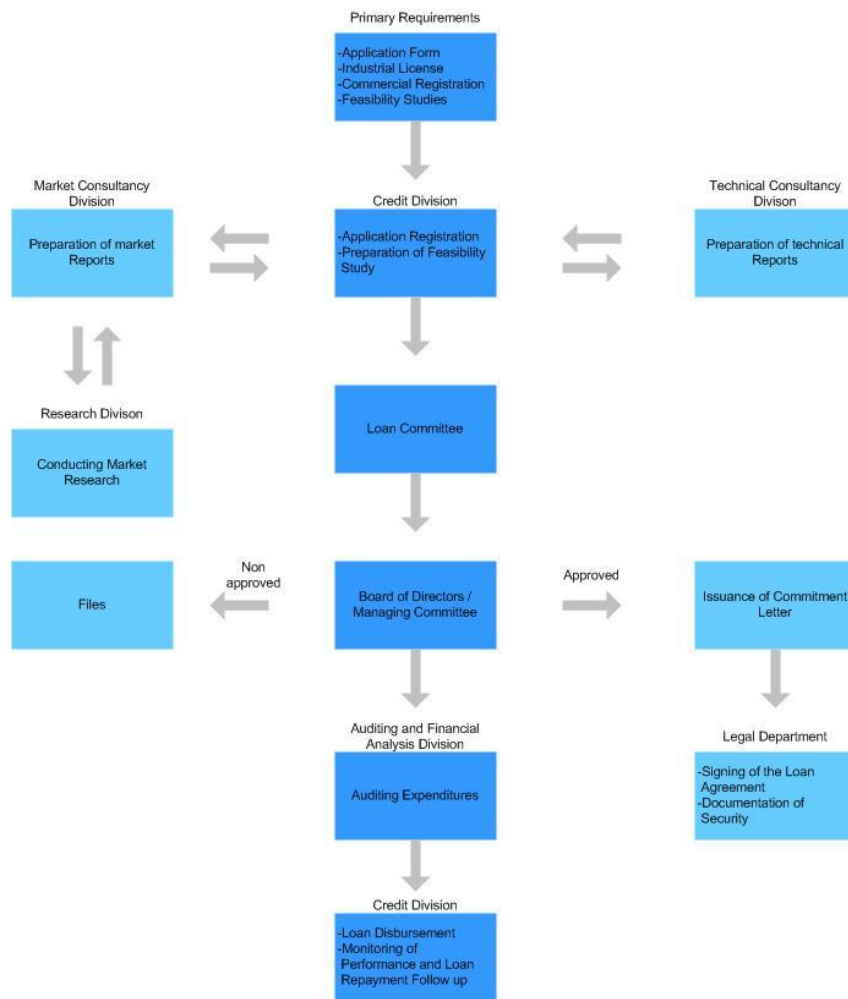
4. Loan Repayment and Follow up

The loan is repayable according to a schedule shown in the Loan Agreement and the borrower must repay the loan installments according to the Loan Agreement. SIDF, represented by the concerned consultant, will follow the project's performance through the financial information supplied by the borrower and through periodic contacts and site visits to the project until full repayment of the loan.

Important Notes

- a. SIDF does not finance the following:
 - Projects assets that are more than one year old as at the date of application prescreen.
 - Machinery, equipment and vehicles that are used or for more than one year old from the date of customs clearance.
 - Used or imported furniture, or employees / laborers housing furniture.
 - Buildings that are more than one year old from the prescreen date and imported steel hangers as well as employee housing buildings.
- b. Locally manufactured materials must be used in implementing, furnishing and operating the project.
- c. A local consulting firm (acting independently or in cooperation with a foreign firm) should be employed during the project's implementation.
- d. Saudi auditing firm must be employed to audit the project's financial accounts throughout the term of the loan.
- e. A plan should be put in place to attract Saudi nationals to work in the projects.

Loan Application Processing Flow Chart



Notes

- a. The length of the evaluation period depends on the applicant's cooperation and the timely submission of required information.
- b. For expansion projects the foregoing stages also apply, but some are likely to be omitted.

References

Saudi Arabian General Investment Authority, www.sagia.gov.sa

Saudi Industrial Development Fund, www.sidf.gov.sa