

# Licensing Guidelines for Debt-Based Crowdfunding

Dhu al-Qidah 1445H



## **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. SAMA has prepared and published the required licensing forms on its website, which can be viewed through the following link: [Finance \(sama.gov.sa\)](https://sama.gov.sa)

## **II: License Application Instructions for Debt-Based Crowdfunding:**

1. The license application form should not be modified in any way. The license application must be submitted by the founders or their duly authorized representative with a copy of the authorization letter.
2. The forms and documents listed in the license application must be submitted in soft copies. The company shall retain the original documents and provide them to SAMA upon request.
3. The terms and phrases mentioned in the license application form 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 the approval of SAMA to complete the incorporation procedures and obtain a license to practice debt-based crowdfunding.
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](mailto:LICFCC@SAMA.GOV.SA)).

### III. Required Documents:

The required forms and documents stated in the checklist shall be submitted in the license application form electronically through the e-mail specified in Section II above. The original documents shall be submitted upon request.

### IV. Documents required to be attached to the license application:

1. License application letter for practicing debt-based crowdfunding activity
2. SAMA's license application [form](#) after completing all sections.
3. A copy of the draft [Articles of Association](#) of the Company under formation, or a copy of the commercial register and Articles of Association of the existing company.
4. The organizational structure including all necessary departments and functions with their mandates.
5. SAMA's Fit and Proper [Form](#) for each founding member after being completed and signed by each founding member, and approved by the person authorized to submit the license application.
6. SAMA's Fit and Proper [Form](#) for each candidate member in the board and its sub-committees after being completed and signed by the candidate, and approved by the person authorized to submit the license application.
7. The economic feasibility study and business plan per the details specified in the license application.
8. An irrevocable [bank guarantee](#) equal to the minimum capital of the activity issued by any local bank for SAMA and automatically renewed until the capital is paid in full.
9. Draft agreements and contracts proposed with third parties, especially agreements and contracts with related parties and external service providers.

## V. Licensing Procedures:

1. The Applicant must complete the license application according to sections III and IV above and submit it to SAMA along with the documents specified in the application form's checklist.
2. SAMA will notify the Applicant, in writing, of their application completion upon fulfilling all the requirements set forth in the Rules for Engaging in Debt-Based Crowdfunding.
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 is not 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. Upon incorporation or regularization, the company shall provide SAMA with a copy of its commercial register and a copy of its Articles of Association, proof of payment of the full capital and any additional initial finance indicated in the business plan, and proof of implementation of all necessary measures to start practicing the activity, such as recruiting human resources and procuring systems, and equipment.
5. The company must provide SAMA with proof that it 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 Paragraphs 4 and 5 of this section.