

Licensing Guidelines for Buy Now Pay Later (BNPL) Activity

Dhual-Qi'dah 1445H



I. Introduction:

The Finance Companies Control Law and the Rules Regulating Buy Now Pay Later (BNPL) Companies set forth the provisions regulating licensing for BNPL activity. 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://www.sama.gov.sa)

II: License Application Instructions for BNPL activity:

1. The license application 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.
2. The forms and documents listed in the license application must be submitted in soft copies, as specified in the checklist. The company must keep the original documents and submit them to SAMA upon request.
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 Regulating Buy Now Pay Later (BNPL) Companies. 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 BNPL license.
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 must be submitted in soft copies through the e-mail provided in Section II above. The original documents must also be presented upon request.

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

1. BNPL License application letter.
2. SAMA's license application [form](#) after completing all sections.
3. A copy of the company's draft [Articles of Association](#) for companies under establishment, and a copy of the existing company's commercial register, and articles of association.
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 the business plan per the details specified in the license application.
8. An irrevocable [bank guarantee](#) equal to 20% of the minimum capital of the activity to be licensed issued by any local bank for SAMA and automatically renewed until the capital is paid in full.

V. Licensing Procedures:

1. The 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 Applicant, in writing, of the completion of their application upon fulfilling all the requirements stipulated in the Rules Regulating BNPL Companies.
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: 1. A copy of the commercial register, and the Articles of Association after the company's establishment or regularization. 2. Proof of full payment of the capital and any additional initial funding indicated in the business plan. 3. 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 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 this Section's Paragraphs (4) and (5).