

THE FOREIGN INVESTMENT ACT

ARTICLE 1:

The following expressions and terms shall have the meaning ascribed beside each, unless the context deems otherwise:

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| A. THE COUNCIL: | The Supreme Economic Council. |
| B. BOARD OF DIRECTORS: | The Board of Directors of the General Investment Authority. |
| C. THE AUTHORITY: | The General Investment Authority. |
| D. THE GOVERNOR: | The Governor of the General Investment Authority and Chairman of the Board of Directors. |
| E. FOREIGN INVESTOR: | The natural person of non-Saudi nationality or otherwise the body corporate, where all partners are non- Saudi nationals. |
| F. FOREIGN INVESTMENT: | Investment of Foreign Capital in a licensed activity under this Act. |
| G. FOREIGN CAPITAL: | The Foreign Capital in this Act shall mean, for example but not limited to, the following funds and rights as long as they are possessed by a Foreign Investor:

<ol style="list-style-type: none">1. Money, securities and commercial instruments.2. Foreign investment profits if they are invested to increase the capital, expansion of existing projects or establishment of new projects.3. Machinery, equipment, supplies, spare-parts, means of transportation and production requirements relevant to the investment.4. Legal rights i.e., licenses, intellectual properties, technical know-how, administrative skills and production techniques. |
| H. PRODUCTION FACILITIES: | Projects for the production of industrial and agricultural products (plant and animal). |
| I. SERVICE FACILITIES: | Service and construction projects. |
| J. THE ACT: | The Foreign Investment Act. |
| K. THE RULES: | The Rules of Implementation of this Act. |

ARTICLE 2:

Without prejudice to the requirements of regulations and agreements, the Authority shall issue a license for a Foreign Capital Investment in any investment activity in the Kingdom, whether permanent or temporary.

The Authority shall make a decision about the investment application within thirty days after the completion of documents provided for in the Rules. In the event that the specified period elapsed without the Authority rendering a decision about the application it shall be obligated to issue the required license for the investor.

If the Authority shall deny the said application within the specified period, then the pertinent decision of denial shall be justified, and the party against whom the decision of denial had been issued shall have the right to contest such decision according to regulations.

ARTICLE 3:

The Council shall have the authority to issue a [list of activities excluded from Foreign Investment](#).

ARTICLE 4:

Subject to Article 2, the Foreign Investor may obtain more than one license in different activities, and the Rules shall specify the necessary measures

ARTICLE 5:

Foreign Investments licensed under the provisions of this Act, may be in either of the following forms:

1. Facilities owned by a national and a Foreign Investor.
2. Facilities wholly owned by a Foreign Investor.

The legal form of the Facility shall be determined according to regulations and directives.

ARTICLE 6:

A project licensed under this Act shall enjoy all the benefits, incentives and guarantees enjoyed by a national project according to regulations and directives

ARTICLE 7:

The Foreign Investor shall have the right to reallocate his share as derived from the selling of his equity, or from the liquidation surplus or profits generated by the facility, out of the Kingdom or to use by any other legal

means, and he shall also be entitled to transfer the required amounts to settle any contractual obligations pertaining to the project.

ARTICLE 8:

The foreign facility licensed under this Act shall be entitled to possess the required real estates as might be reasonable for practicing the licensed activity or for the housing of all or some of the staff as per the [provisions for non-Saudi nationals real estate acquisition](#).

ARTICLE 9:

The Foreign Investor and his non-Saudi staff shall be sponsored by the licensed facility.

ARTICLE 10:

The Authority shall provide all those interested in investment with all necessary information, clarifications and statistics, together with all services and procedures to facilitate and accomplish all matters pertaining to the investments.

ARTICLE 11:

Investments related to the foreign investor shall not be confiscated wholly or partially without a court order, moreover, it may not be subject to expropriation wholly or partially except for public interest against an equitable compensation according to Regulations and Directives.

ARTICLE 12:

1. The Authority shall inform the Foreign Investor in writing when violating the provisions of this Act and its Rules in order that such violation be rectified within a period of time determined appropriate by the Authority for rectifying such violation.
2. Without prejudice to any greater penalty, the Foreign Investor under the existence of the violation shall be subject to any of the following penalties:
 - A. With hold all or part of the incentives and benefits allocated for the Foreign Investor.
 - B. Imposition of a financial fine not exceeding 500,000 SR. (Five hundred thousand Saudi Riyals).
 - C. Cancellation of the Foreign Investment license.
3. The imposition of the penalties referred to in paragraph (2) herein above, is rendered by a resolution by the Board of Directors.

4. A petition against the penalizing resolution may be brought before the Board of Grievances according to its regulations.

ARTICLE 13:

Without prejudice to the Agreements in which the Kingdom of Saudi Arabia shall be a party of:

1. Disputes arising between the Government and the Foreign Investor relating to his licensed investments under this Act shall as far as possible be settled amicably, and if this shall prove to be impossible, then the dispute shall be settled according to regulations.
2. The disputes arising between the Foreign Investor and his Saudi partners relating to his licensed investments under this Act shall as far as possible be settled amicably, and if this shall prove to be impossible, then the dispute shall be settled according to regulations.

ARTICLE 14:

All Foreign Investments licensed under this Act shall be treated in accordance with the [Tax codes valid in Saudi Arabia](#) and its amendments.

ARTICLE 15:

The Foreign Investor undertakes to abide by all regulations, rules and directives valid in Saudi Arabia together with international agreements in which it is a part thereof.

ARTICLE 16:

The implementation of this Act shall not prejudice the vested interests of Foreign Investments that legally existed before this Act shall come into force, however, these projects in conducting their activity or increasing their capital shall be subject to its provisions.

ARTICLE 17:

The Authority shall issue the Rules, which shall be published in the Official Journal, and shall be effective as of the date of its publishing.

ARTICLE 18:

This Act shall be published in the Official Journal, and shall be effective thirty days after its publishing, and shall invalidate the Foreign Capital Investment Act issued by the Royal Decree no. (M/4), dated 2/2/1399 (H), together with any contradicting provisions.

The Executive Rules of the Foreign Investment Act

First: Definitions

Article 1 :

For the purpose of implementing these Executive Rules the following terms and expressions shall have the meanings indicated opposite thereto, unless the context requires otherwise :

The Council :	The Supreme Economic Council
Board of Directors :	The Board of Directors of the Saudi Arabian General Investment Authority
The Chairman of Board of Directors :	The Chairman of Board of Directors of the Saudi Arabian General Investment Authority
The Governor :	The Governor of the Saudi Arabian General Investment Authority
The Authority :	The General Investment Authority
Foreign Investor :	A natural person who does not carry Saudi nationality or a corporate body, if all of the partners thereof are not Saudi nationals
Foreign Investment :	Investment of Foreign Capital in an activity licensed under this Act and these executive rules
Foreign Capital :	For purposes of this Act and rules, Foreign Capital shall mean, but is not limited to, the following assets and rights so long as they are held by a Foreign Investor. <ol style="list-style-type: none">1. Cash, securities and commercial papers.2. Foreign Investment profits if reinvested to increase capital, expand existing investment entities or establish new ones.3. Machinery, equipment, fixtures, spare-parts, means of transport and production requirements related to the investment.4. Intangible rights such as licenses, intellectual property rights, technical know-how, administrative skills and production techniques.

The Act :	The Foreign Investment Act
Products Facilities :	Projects for the production of industrial and agricultural products (crops and livestock).
Service Facilities :	Service and contracting projects
The Rules :	The Executive Rules of Foreign Investment Act
The Center :	Investors Service Center Stipulated in Article No. (9) of the Authority Act

Second: The Fields of Investment

Article 2: The Authority is authorized to issue a license for foreign capital investment in the Kingdom for any investment activity whether permanent or temporary with the exception of the activities excluded under the third article of the Act.

Article 3: The Board of Director shall periodically review the list of activities excluded from foreign investment in order to decrease them and submit them to the Council to consider approving them.

Article 4: Foreign Investments licensed under the provisions of this Act and these executive rules may be in either of the following forms:
 1- Entities jointly owned by a national and a foreign investor.
 2- Entities wholly owned by a foreign investor.

Third: Benefits, incentives and guarantees

Article 5: Foreign Investment projects shall enjoy all the benefits, incentives and guarantees extended to national projects, which are for example :

1. The incentives stipulated in the protection and promotion of national industries Act issued by the Royal decree No. 50 dated 23.12.1381 H.
2. To own properties required to carry out the licensed activity or for his residence and his staff housing according to the provisions of the Non-Saudis Real Estate Acquisition and Investment Act issued by the Royal decree No. M/15 dated 17.04.1421 H.
3. The benefits ensuing from agreements of avoiding double taxation and agreements of promotion and

protection of Investment which are signed by the Kingdom.

4. Prohibition of any confiscation of investment wholly or partly without a court order or subjecting them to expropriation wholly or partly except for the public interest and against fair compensation.
5. The foreign investment is entitled to repatriate his share that is derived from the sale of his equity, from surplus of liquidation or the profits generated by the entity and to dispose of it by any legal obligations. He is also entitled to transfer required amounts to fulfill any contractual obligations in respect of the project.
6. The shares may freely move among partners and others.
7. The licensed entity is entitled to sponsor the foreign investor and his non-Saudi staff.
8. The licensed entity is entitled to obtain industrial loans in accordance with the provisions of Industrial Development Fund.
9. The losses incurred by the entity may be carried forward to the following years and will be calculated at tax settlement of the years during which the entity reaps profits.

Fourth: Licensing Conditions and Criteria

Article 6:

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

1. The investment activity to be licensed should not be in the list of excluded activities, and the activity has to be within the Authority's power to license.
2. Product standards and production processes shall be approved under laws prevailing in the Kingdom, or in the absence of such laws, the laws of the European Union or the laws of the United States of America.
3. a) The amount of capital invested shall not be less than twenty five million Saudi Riyals for agricultural entities.

b) The amount of capital invested shall not be less than five million Saudi riyals for industrial entities.

c) The amount of capital invested shall not be less than two million Saudi riyals for other entities according to detailed criteria and rules laid down by Board of Directors.

The Board of Directors may reduce the minimum invested capital in projects established in areas specified by it or in projects which require high technical experiences or prepared for export.

4. The foreign investment must not have been convicted finally for substantial violations of the provisions of this Act.
5. The foreign investor must not have been previously convicted of financial or commercial violations whether in the Kingdom or in other countries.
6. The grant of a license shall not result in the breach of any international or regional agreements to which the Kingdom is a party.

Article 7:

The foreign investor may obtain more than one license to practice the same activity or different activities according to the following measures:

1. The conditions set forth under Article (6) of these Rules must be satisfied.
2. Licensing applications to practice the same activity submitted by natural or moral persons shall be dealt as expansion of their established projects.
3. The Board of Directors will reconsider these measures periodically or when necessary.

Article 8:

The foreign investor may purchase local or foreign investment entities or shares thereof provided the foreign investor satisfies the conditions set forth in article (5) and article (6) of these rules.

Fifth: Licensing Procedures

Article 9:

The authority shall prepare an investment guide containing a description of how to obtain permanent and temporary licenses, their amendments, the forms and the documents to be fulfilled before obtaining the licenses and the information required by the investor. The guide shall further contain the offered incentives, benefits and guarantees to be enjoyed by the foreign investor and the guide also contains substantial information about the following:

1. Foreign investment Act, its rules and supplementary decisions.
2. The statute for the General Investment Authority and its executive rules.
3. The Non-Saudis Real Estate Acquisition and Investment Act
4. National Industries Protection and Promotion Act.
5. Labor and Workmen Act and social insurance Act.
6. Zakat, tax and customs Acts.
7. Legal Sharia procedures Act.
8. Penal procedures Act.
9. Legal profession Act.
10. Companies Acts (commercial register, trade fraud, banks monitoring).
11. Intellectual property protection Acts (Trade Marks Act, Copyrights Protection Act, Patents Act).
12. Residence act :

The guide shall also contain special sections on the customs and traditions observed in the Kingdom and shall be updated regularly.

Article 10:

The Foreign Capital Investment application shall

be submitted to the Applications Reception Unit of the Center, using the designated form. The application must contain all the necessary information; satisfy all documentation requirements cited therein and be signed by the applicant or his duly authorized representative. The center shall notify the license applicant by a written or electronic receipt note including the number of application record and its date.

Article 11: The Authority may accept licensing applications and documents which reach in complete forms through mail or E-mail or fax and issue the licensing decision provided that it will not be delivered to the applicant only after getting the original documents when necessary.

Article 12: Decisions on submitted applications shall be made in accordance with the provisions indicated in these rules and resolutions issued by the Board of Directors. The Governor, or his assigned delegate, shall sign the licensing decisions within thirty days. National holidays shall be excluded from the mentioned period.

Article 13: The Center shall notify the investor, either by hand delivery or by registered mail or by E-mail or any other means, of the final decision issued with respect to his application.

Article 14 : If the Authority rejected the license application or its amendment, its rejection shall be justified and the foreign investor may object the rejection decision before the Board of Directors within thirty days effective from the date on which he is notified of the rejection decision.

Article 15: The Board of Directors shall consider the objection and make a decision on it within thirty days from the date of its submittal and if its decision was to reject, the license applicant shall have the right to challenge the rejection decision before the Board of Grievances.

Sixth: Obligations of the Foreign Investor

Article 16: The licensed investor shall commence the process

and undertake the steps required for setting up the entity in accordance with the time schedule the investor submits to the Authority. The Authority shall, if the investor shows adequate reasons for delays in the implementation procedures for the entity according to schedule, extend the period specified in the schedule, but such extensions shall not exceed one year in total. The said extension shall not exceed one year unless a decision to that effect is made by the Board of Directors.

Article 17:

In cases, that the Authority not approves the extension requests specified by the time table and if the investor is found not to be diligent after the extension, the Board of Directors may then revoke the license finally. An investor whose license is revoked under this Article shall bear the consequences of revocation.

Article 18:

Licensed entities must abide by the conditions and primary objectives upon which the licenses are issued. No modifications shall be made to the entities unless approved by the Authority.

Article 19:

Owners of licensed entities shall adopt an approved system of accounting and an approved budget for their entities by one of the authorized accounting offices and upon request shall provide the Authority with statistics or information in respect of their entities.

Seventh: Violations

Article 20:

Authority officials, empowered by a written mandate by the governor or his representative, shall have the right to monitor the implementation of the provisions of the Act and these Rules. For this purpose, they have the right to examine records and all documents relating to the investment activity and shall pinpoint violations

and submit necessary reports to the governor. The assigned officials shall maintain the confidentiality of the information and documents they examine.

Article 21:

The Board of Director shall issue a list of violations and penalties pertaining to the violations of provisions of the Act , this list , the licensing conditions, rules of their implementation and implementing the penalties therein.

Article 22:

The authority shall notify the Foreign Investor in writing regarding any violation of the provisions of this Act and its rules or of licensing conditions and shall allow a suitable period of time specified in the list of violations and penalties to correct the violation. If the Foreign Investor fails to correct the violation he shall be subject to any of the penalties provided for in the list of violations and penalties.

Article 23:

The Board of Directors shall form a committee consisting of at least three members, one of whom shall be a legal counselor and shall develop rules and procedures for the functioning of the committee. The responsibilities of the committee shall be to review violations of the Act provisions and its executive rules and the licensing conditions .The committee shall hear the parties accused thereof, to consider their defenses and to suggest what it sees according to what specified by the Act and the list of violations and penalties. The board of Directors shall render the penalty decision.

Article 24:

The investor with whose regard the penalty decision is issued according to Article 23 may object the rejection decision before the Board of Directors within thirty days effective from the date on which he is notified of the rejection decision.

Article 25:

The Board of Directors shall consider the objection and make a decision on it within thirty days from the date of its submittal and if it is decided to

confirm the penalty the license applicant shall have the right to challenge the rejection decision before the Board of Grievances within 60 days effective from the date on which he was notified of the decision.

Eighth: Disputes Settlement Committee

Article 26:

The Board of Directors shall form, under Article 13, paragraph 2 of the Act, a committee composed of at least a chairman and two members called (Investment Disputes Settlement Committee) to consider the disputes arising between the Foreign Investor and his Saudi partners in respect of a licensed investment under this Act. The committee shall work to settle the dispute amicably. In case an amicable settlement could not be reached, the dispute shall be settled finally through arbitration according to the Arbitration Act issued by the Royal decree No. (46) dated 12.7.1403 H. and its executive rules. This committee is considered the competent body to consider the dispute as stipulated in the Arbitration Act.

**Statute For The Saudi Arabian
General Investment Authority**

Resolution No. 2 dated 05/01/1421H

The Council of Ministers:

After review of:

The file received from the President of the Council of Ministers' Court under No. 7/B/20517 dated 29/12/1420H, containing the telegram of HE Minister of Industry & Electricity No. 625 dated 28/08/1420H together with the appended minutes of the Ministerial Committee formed pursuant to Royal Order No. 48/8 dated 08/02/1420H which calls for review of the proposals raised by the Ministry of Industry and Electricity on the general investment climate in the Kingdom;

The draft Statute for the Saudi Arabian General Investment Authority;

Paragraph 2, Article 24 of the Council of Ministers' Act approved under Royal Order no. A/13 of 03/03/1414H;

The Saudi Consulting House Act approved under Royal Decree No. M/12 of 09/05/1409H;

The Supreme Economic Council Resolution No. 1 of 14/11/1420H; and The Commission of Experts Memorandum No. 382 of 30/12/1420H

Resolves:

1. That the Statute for the Saudi Arabian General Investment Authority be and hereby is approved in the text attached hereto.
2. Saudi Arabian General Investment Authority shall replace the Saudi Consulting House, together with all rights and obligations appertaining thereto.
3. A committee shall be formed consisting of representative of the Ministry of Civil Service, Ministry of Industry & Electricity and Ministry of Finance and National Economy to explore possibilities of the Saudi Arabian General Investment Authority utilizing the human resources presently with Saudi Consulting House and General Secretariat of Foreign Investment of the Ministry of Industry and Electricity and to submit recommendations with regard thereto to the Council of Ministers.

President of the Council of Ministers

ARTICLE 1:

The following terms and expressions shall have the meanings indicated opposite thereto unless the context requires otherwise:

The Council:	The Supreme Economic Council.
The President:	The President of the Supreme Economic Council.
The Board of Directors:	The Board of Directors of the General Investment Authority.
The Authority:	The General Investment Authority.
The Governor:	The Governor of the General Investment Authority.
The Rules:	The Rules of Implementation of this Order.

ARTICLE 2:

By virtue of this Statute a general authority to be called “Saudi Arabian General Investment Authority” shall be constituted and shall be a legal entity linked to the President, with its head office in the city of Riyadh.

ARTICLE 3:

The main objective of the Authority is to oversee investment affairs in the Kingdom, including foreign investment. This includes, without limitation to the jurisdiction, the following functions:

1. Preparing state policies designed to promote and enhance local and foreign investment, and submitting them to the Council.
2. Proposing implementation plans and criteria to improve the investment climate in the Kingdom and submitting them to the Council.
3. Monitoring and evaluating the performance of local and foreign investment, and drafting a periodical report in this regard, whose contents to specified in the Rules.
4. Conducting studies on investment opportunities in the Kingdom and promoting these opportunities.
5. Coordinating and cooperating with the pertinent governmental bodies to enable the Authority to accomplish its mission.
6. Organizing and participating in conferences, symposia, local and international exhibitions and workshops relevant to investment.
7. Developing databases and carrying out statistical surveys required for the conduct of its functions.

8. Any task officially assigned to the Authority.

ARTICLE 4:

The Board of Directors of the Authority shall consist of the following:

1. The Governor Chairman
2. A Representative from the Ministry of Interior Member
3. A Representative from the Ministry of Foreign Affairs Member
4. A Representative from the Ministry of Commerce Member
5. A Representative from the Ministry of Agriculture & Water Member
6. A Representative from the Ministry of Petroleum & Mineral Resources Member
7. A Representative from the Ministry of Industry & Electricity Member
8. A Representative from the Ministry of Finance & National Economy Member
9. A Representative from the Ministry of Planning Member
10. A Representative from the Ministry of Labor and Social Affairs Member
11. A Representative from the Saudi Arabian Monetary Agency Member

And two members from the private sector nominated by the Governor and appointed by a decision of the President.

Representatives of government bodies on the Board of Directors shall not be less in rank than grade fourteenth. Membership tenure on the Board of Directors shall be for three years only.

ARTICLE 5:

The Board of Directors is the governing body controlling the Authority's affairs and conducting its business and shall render all relevant decisions necessary for realizing its objectives within the provisions of this Statute. It shall be specifically charged with the following:

1. Deciding on investment applications and their revocation.
2. Proposing a list of investment activities excluded from foreign investment and submitting such list to the Council.
3. Approving the by-laws for the internal, financial and administrative affairs and the organizational structure of the Authority to ensure the conduct of its work in an orderly manner.

4. Supervising and revising the administrative and financial management of the Authority.
5. Approving the Authority's budget plan and its final accounts statement, the report of the auditors and the annual report, in preparation for its submission according to regulations.
6. Forming committees from members of the Board of Directors and others to perform the duties assigned to the Authority, as determined by the Board of Directors.
7. Examining matters referred by the Governor and the committees formed by the Board of Directors.
8. Proposing amendments to this Statute and other acts pertaining to investment.
9. Delegating officials of the Authority to sign the various agreements and contracts within the limits set by the Board of Directors.
10. Approving the Authority's strategy and operational plans.
11. Accepting donations, gifts, grants and aids.

ARTICLE 6:

The Board of Directors shall hold its meetings upon an invitation by the Governor, at least once a month. The Governor (also) must invite the Board of Directors upon request by at least half the members. The invitation shall include an agenda. A quorum requires the presence of a majority of members including the Chairman of the Board of Directors or a member representing him; resolutions are issued by a majority of present votes. In case of a tie vote, the Chairman of the meeting shall have the casting vote. The Board of Directors has the right to invite to its meetings those whom it deems to benefit given their knowledge and experience but who shall not have the right to vote. Proceedings and resolutions of the Board of Directors shall be logged in minutes signed by the Chairman and members present.

The Board of Directors shall not issue resolutions by submission to members independently in the absence of a meeting except when necessary and provided that in such case a written unanimous consent of the Board of Directors to the resolution is obtained. Such resolution shall be presented to the Board of Directors in its first subsequent meeting for logging in the minutes of the meeting.

ARTICLE 7:

The Authority shall have a Governor of ministerial rank appointed by Royal Decree on the President's nomination.

ARTICLE 8:

The Governor shall be the executive responsible for managing the Authority and conducting its business. His responsibilities are defined by this Statute and Board of Directors resolution. He is vested with the following powers:

1. Overseeing preparations for the Board of Directors' meetings.
2. Monitoring the implementation of the Board of Directors' resolutions.
3. Preparing the Authority's budget plan, draft final accounts and the annual report for submission to the Board of Directors.
4. Supervising the Authority's employees and workers in accordance with the powers vested in him and those specified by the Rules.
5. Issuing expenditure orders relating to the Authority in accordance with the approved annual budget.
6. Submitting periodical reports to the Board of Directors concerning the business of the Authority, its achievements and activities.
7. Proposing the Authority's strategies and programs and supervising discharge of the same after approval of the Board of Directors.
8. Representing the Authority before other government entities and other bodies.
9. The Governor may delegate some of these powers to other officials incharge of the Authority's administration.

ARTICLE 9:

1. An Investors Service Center shall be established within the Authority, consisting of liaison offices including full-time representatives from all government departments concerned with investment, such as the Ministry of Interior (The General Directorate of Passports, The General Administration for Recruitment), Ministry of Foreign Affairs, Ministry of Commerce, Ministry of Industry and Electricity, Ministry of Finance and National Economy (Zakat and Income Tax Department, Saudi Industrial Development Fund), Ministry of Agriculture and Water, Ministry of Labor and Social Affairs (Labor & Workmen's Office), Ministry of Petroleum and Mineral Resources. The Council shall have the right to change the departments mentioned in this Statute upon a proposal from the Board of Directors.
2. The above mentioned Investors Service Center shall operate under the supervision of the Governor. It shall extend its services to investors in a manner that ensures centralizing the receipt of applications and processing, prompt finalization of such matters and issuance of licenses,

approvals, visas and residence permits required for carrying out the activities.

ARTICLE 10:

The Authority shall have an independent budget allocated in accordance with the arrangements for the general state budget and the Authority's funds shall consist of the following:

1. The allotted appropriations in the state budget.
2. Income derived by the Authority from conducting activities that fall within its objectives.
3. Any other funds which the Board of Directors may accept such as donations, gifts, grants and aid.
4. All movable and immovable properties passed to the Authority from the Saudi Consulting House.

The Authority's funds shall be deposited in an independent account and disbursed in accordance with the Authority's financial regulations.

ARTICLE 11:

The fiscal year of the Authority is the state's fiscal year, save for the first fiscal year of the Authority which shall commence as of the date this Statute comes into effect.

ARTICLE 12:

Without prejudice to the right of the General Audit Bureau in monitoring the Authority's accounts, the Board of Directors shall appoint one or more auditors who are either natural persons or legal entities licensed to work in the Kingdom and shall determine their fees. Should there be more than one auditor, then they shall be jointly liable for their activities before the Authority. The auditor's report shall be submitted to the Board of Directors with a copy to the General Audit Bureau.

ARTICLE 13:

The Board of Directors shall issue the Rules within thirty days after the date this Statute is promulgated. It shall be published in the Official Gazette and shall become effective on the date of its publication.

ARTICLE 14:

This Statute shall be published in the Official Gazette and shall become effective after thirty days from the date of publication and shall supersede any other contradicting regulations.

**Executive Rules of the Statute
For The Saudi Arabian
General Investment Authority**

Resolution No. 1 dated 15/05/1421H

The Chairman of the Board of Directors and Governor of the Saudi Arabian General Investment Authority.

After review of:

Article 13 of the Statute of the Saudi Arabian General Investment Authority approved under the Council of Ministers Resolution No. 2 dated 5/1/1421H, and
Saudi Arabian General Investment Authority Board of Director's Minutes of Meeting No. 2 dated 14/5/1421H approving the draft Executive Rules of the Foreign Investment Act.

By virtue of authorities vested in him,

Resolves that:

1. The Executive Rules of the Statute of the Saudi Arabian General Investment Authority be and hereby are approved according to the text attached hereto.
2. The Rules shall be published in the Official Gazette to come into effect as of the date they are published.

**Chairman of the Board
Governor of the Saudi Arabian General Investment Authority**

FIRST: DEFINITIONS

ARTICLE 1:

For the purpose of implementing these Executive Rules, the following terms and expressions shall have the meanings indicated opposite thereto below unless the context requires otherwise:

- The President:** The President of the Supreme Economic Council.
- The Council:** The Supreme Economic Council.
- The Board of Directors:** The Board of Directors of the General Investment Authority.
- The Chairman of the Board of Directors:** The Chairman of the Board of Directors of the General Investment Authority.
- The Governor:** The Governor of the General Investment Authority.
- The Authority:** Saudi Arabian General Investment Authority.
- The Statute:** The Statute of the Saudi Arabian General Investment Authority.
- The Rules:** The Executive Rules of the Statute of the Saudi Arabian General Investment Authority.
- The Center:** The Investors Service Center defined in Article (9) of the Statute for the Saudi Arabian General Investment Authority.

SECOND: AUTHORITY'S HEAD OFFICE

ARTICLE 2

The Authority shall be seated in Riyadh, and the Board of Directors may establish branches and offices for the Authority within and outside the Kingdom.

THIRD: OBJECTIVES OF THE AUTHORITY

ARTICLE 3

The Authority shall oversee investment affairs in the Kingdom and shall prepare state policies designed to promote and enhance local and foreign investment and to submit the same to the Council. The said policies shall include, but shall not be limited to, the following objectives:

1. Increase of national income and diversification of its sources.
2. Transfer and domestic consolidation of technology
3. Developing exports.
4. Development of local resources and the creation of sound employment opportunities for Saudi nationals.
5. Strengthening of competition, improvement of services and products and broadening of choices for consumers.
6. Investment integration in the Kingdom.
7. Utilization of comparative advantages enjoyed by the Kingdom and its regions.
8. Determination of investment strategic implications and priorities.
9. Respect for the environment in relation to investment projects.

ARTICLE 4

The Authority shall propose executive plans and rules capable of improving the investment climate in the Kingdom. Some of these plans shall include following:

1. Incentives which enhance local investment and attract foreign investment, ensuring that such incentives conform to State policies and plans, and ensuring the ability to compete with other countries.
2. Plans for technical education and training that conform to the plans and requirements of investment development.

3. Criteria for granting concessions to projects and companies.
4. State investment in projects and privatization programs.
5. International conventions and laws related to investment.
6. Finance programs.
7. Custom exemptions and tax incentives capable of attracting investment.

ARTICLE 5

The Authority shall monitor the performance of the investment and evaluate whether the originally specified objectives are achieved, and shall prepare periodic reports in this regard for submission to the Council. Such reports shall include the following:

1. Investment indicators.
2. Growth of national product and per capita income.
3. Increase in employment opportunities and the inclusion of Saudis therein.
4. Transfer and domestic consolidation of technology.
5. Investment impediments.
6. The extent of local and foreign capital participation in investment in the Kingdom or reasons for its reluctance.
7. Proposals for improving the investment climate in the Kingdom including proposals to reverse pertinent laws.

To realize these objectives, the Authority may request the necessary information and statistical data from investment projects and owners of these projects shall comply with such requests.

ARTICLE 6

The Authority shall prepare studies on investment opportunities in the various economic sectors of the Kingdom consistent with the general policies of the State, investment priorities, development plans and objectives and shall promote these opportunities through the following:

1. Direct contact channels with investors through the Authority and its branches in the Kingdom and representative offices abroad in cooperation with Saudi Chambers of Commerce and Industry and Saudi Consulates abroad.
2. Organizing conferences, symposia and exhibitions and participating in those organized by others.
3. Organizing lectures inside the Kingdom and abroad to publicize the Kingdom's investment policy, governing laws and available incentives and facilities.
4. Issuing information pamphlets and booklets in relevant languages and spreading the same through various media channels.
5. Inviting delegations of investors and relevant regional and foreign institutions to visit the Kingdom to have first hand knowledge of investment opportunities.
6. Creating cooperation channels with international, regional and local organizations and institutions specialized in the area of investment.
7. Encouraging the establishment of joint-venture projects between Saudi investors and their foreign counterparts.
8. Advertising the Authority's activities and investment opportunities available in the Kingdom through the various communication media especially those concerned with investment affairs.

ARTICLE 7

The Authority shall undertake to develop multiple databases relating to investment that rely on the statistical surveys conducted by the Authority or the information received from related bodies, and to link them to local, regional and international databases specialized in investment affairs. These databases must cover all available information, statistics and indicators which the Authority needs in the preparation of policies, plans and the assessment of performances, or which investors need for feasibility studies of their projects to enable them to utilize. The Authority shall use state-of-the-art technology and processes in such respect.

ARTICLE 8

The Authority shall coordinate and act with the government or private entities interested in its activities and international and regional organizations interested in investment in order to enable the Authority to carry out its tasks through the following:

1. Investors Service Center.
2. Permanent or ad hoc Committees formed when necessary among the Authority, government and private entities.
3. Participation in related international organizations and institutions.

FOURTH: THE BOARD OF DIRECTORS

ARTICLE 9

The Board of Directors shall formulate the policies and by-laws governing the Authority's operations and shall oversee their implementation. It shall approve the plans and executive programs of the Authority and shall monitor its performance. The Board of Directors shall also determine the conditions to issue, amend and revoke local and foreign capital investment licenses and the necessary time periods to issue licenses and shall determine the fees to be collected by the Authority for its services.

ARTICLE 10

The Governor may call the Board of Directors to convene and shall chair its meetings and may appoint any of its members to be chairman of the meetings. The meetings shall be held at the Authority's head office in Riyadh. The Governor may call for a meeting to be held at another venue, if necessary.

ARTICLE 11

The Board of Directors shall propose a list of activities excluded from foreign investment prior to its submission to the Council. The Board of Directors may suggest any updating or alteration to this list as circumstances may require.

ARTICLE 12

The Board of Directors, upon the Governor's proposals and within six months from the promulgation of these Rules, shall approve the following:

1. Organizational structure of the Authority's units and senior executives officers, specifying their tasks and responsibilities in conformity with the nature of the Authority's mission to enable them to carry out its tasks as specified in the Statute and these Rules.
2. Financial and administrative by-laws in conformity with the nature of the Authority's mission. These by-laws shall include the financial and administrative powers conferred on the various administrative levels of the Authority.
3. By-laws for the Authority's personnel in accordance with the Authority's Statute, setting forth the rules relevant to their appointment, promotion, allowances and bonuses and any other rules relating thereto.

ARTICLE 13

The Board of Directors shall have a secretary appointed by a Governor's resolution, who shall organize the tasks, schedules of meetings and shall log the minutes of the meetings and Resolutions in regular records. Such secretary shall send meeting notices to members at least two weeks prior to the date of the meeting and shall send the meeting agenda and memorandums on the matters before the meeting to the members at least one week prior to the meeting. The minutes of the meetings of the Board of Directors shall be duly signed by the chairman, the members, and the secretary. The Board of Directors' deliberations are confidential and shall not be disclosed unless the Chairman otherwise permits.

FIFTH: THE GOVERNOR

ARTICLE 14

The Governor reports to the President of the Council and shall exercise his duties as an executive responsible for the administration of the Authority as set forth in the Statute and these Rules and as determined by the Board of Directors and shall be responsible for the execution of the Authority's policies, the administration of its operations and the running of its affairs including the issuance of investment licenses in accordance with Article (9) of these Rules, provided that rejection decisions shall be made by the Board of Directors.

ARTICLE 15

The Governor or any of his representatives shall represent the Authority before third parties and shall coordinate its works with concerned government bodies and execute contracts and agreements on behalf of the Authority in accordance with the rules set by the Board of Directors.

ARTICLE 16

The Governor shall propose action plans for the Authority, develop the required programs for implementation after ensuring the availability of the required financial and human resources, and shall oversee the implementation thereof, and shall submit to the Board of Directors periodic reports on the performance of the Authority.

ARTICLE 17

The Governor shall make arrangements for the Board of Director's meetings which shall include calling for the Board of Directors to convene, determining the agenda according to priorities and suggestions by members of the Board of Directors or any others received by the administrative organ of the Authority and monitoring the execution of resolutions issued.

ARTICLE 18

The Governor or his deputy shall supervise the application process for an investment license so as to assure promptness of action and shall review investors' grievances concerning their applications or other decisions by the Authority relating to investment affairs and shall submit the same to the Board of Directors.

SIXTH: ADMINISTRATIVE ORGAN OF THE AUTHORITY

ARTICLE 19

The administrative organ of the Authority shall be appointed according to the organizational structure and the administrative powers approved by the Board of Directors. Such organ shall have sufficient personnel of adequate expertise

to perform the tasks assigned to the Authority. The Authority may seek the assistance of outside experts to perform these tasks under specific contracts.

SEVENTH: INVESTORS SERVICE CENTER

ARTICLE 20

The Investors Service Center shall undertake the following:

1. Acceptance of applications for investment project licenses and verification that the required documentation are submitted.
2. Evaluation and verification of license applications and their conformity with relevant requirements and the recommendations of approval or rejection of applications.
3. To serve investors and facilitate their requests with respect to procedures and steps necessary to execute projects; to assist in processing requests for services in coordination with government bodies represented in the Center.

ARTICLE 21

The Governor, in coordination with the concerned government departments as provided for in Article (9) of the Statute, shall issue a decision specifying the method for selecting representatives of these government departments for the Center, and specify their duties and how they shall be carried out through the Center and shall organize their relationship with the Center and their references, in such a way as to guarantee full realization of the desired objectives.

ARTICLE 22

Representatives of governmental bodies related to investment shall facilitate the task of the Center in examining documents by providing information from the bodies they represent and shall act to facilitate satisfaction of investors' requirements for information, issuance of licenses, approval, visas, and permissions.