



The Center

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 regulations of The Saudi Industrial Development Fund.
9. The losses incurred by the entity may be carried forward to the following years and will not 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 from Foreign Investment.
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.
- 3a) The amount of capital invest ( ) ~~JITQEMC /P AMCID 6BDC~~ q71.304 75.84 452.83 691

necessary.





**Article 8:**

The Foreign Investor may purchase local or foreign investment entities or shares thereof subject to the conditions set forth in Article (5) and Article (6) of The rules.

**Fifth: Licensing Procedures**

**Article 9:**

The Authority shall prepare an investment guide containing a description of the procedures for obtaining both permanent and temporary licenses and their modifications, as well as the forms, required documents to obtain the licenses and any information needed by the investor. The guide shall also list the incentives, benefits and guarantees to be enjoyed by The Foreign Investor. In addition, the guide must contain substantial information about the following:

1. Foreign Investment Act, its rules and supplementary decisions.
2. The Statute of the General Investment Authority and the Executive Rules of the General Investment Authority
3. The Regulation of Ownership and Investment in Real Estate by Non-Saudis
4. Protection and Promotion of National Industries Act.
5. Labor and Workmen Act and Social Insurance Act.
6. Zakat, Tax and Customs Regulations.
7. Legal Sharia Procedures Act.
8. Maakat,    

**Article 11:**

### **Article 19:**

Owners of licensed entities shall adopt an accredited accounting system and a budget for their entities approved by an authorized accounting office. Upon request, owners of licensed entities 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 designated representative, shall have the right to monitor the implementation of the provisions of The Act and The 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 or his designated representative. 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 violation of the provisions of The Act, The Rules, the licensing conditions and the rules of their implementation and the implementation of the penalties therein.

### **Article 22:**

The Authority shall notify the Foreign Investor in writing regarding any violation of the provisions of The Act, The Rules and the licensing conditions; and shall allow a suitable period of time, as specified by the list of violations and penalties, to correct them. If the Foreign Investor fails to implement the necessary corrections, 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 its functioning. The responsibilities of the committee shall be to review violations of the provisions of The Act provisions and The 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 Foreign Investor with to whom the penalty decision is issued according to Article 23 of The Rules may object to 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. If The Board of Directors confirms the penalty the license applicant shall have the right to challenge the rejection decision before the Board of

## **Eighth: Disputes Settlement Committee**

### **Article 26:**

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