



## Implementing Regulations of the Investment Law

### CHAPTER (1) General Provisions

#### ARTICLE (1) Definitions

1. The terms and phrases set forth in Article 1 of the Investment Law shall have the same meanings assigned thereto when stated in these Regulations.
2. In these Regulations, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:
  - a. **Law:** The Investment Law issued by Royal Decree no. (M/19) dated 16/01/1446H.
  - b. **Ministry:** Ministry of Investment.
  - c. **Regulations:** The Implementing Regulations to the Law.
  - d. **Comprehensive Service Center:** A center comprising liaison officers representing various investment-related government entities and offering services to investors.
  - e. **Committee:** The committee for reviewing violations and imposing penalties in accordance with the Law.
  - f. **Prohibited Activities:** Activities that a foreign investor is – in principle – prohibited from investing therein pursuant to the list issued by the examination committee.
  - g. **Restricted Activities:** Activities that a foreign investor is permitted to practice in the Kingdom upon meeting the terms and conditions related to engagement therein.
  - h. **Examination Committee:** The Standing Ministerial Committee for Examination of Foreign Investments established pursuant to the Council of Ministers' resolution no (83) dated 30/01/1443H.
  - i. **Investor Guide:** A guide issued by the Ministry containing rules, procedures, and instructions related to the implementation of the provisions of the Law and these Regulations, and the services offered by the Ministry.
  - j. **Violation Detection Procedures:** Procedures regulating the duties of violation detection officers.



## ARTICLE (2) Capital

For the purposes of implementing the provisions of the Law and these Regulations, assets of material value shall, without limitation, include the following:

- A cash and its equivalent, shares, stocks, or other forms of equity participation in companies;
- B contractual rights, including construction contracts, concessions, contracts under which remuneration mainly depends on the production rates, profits, or revenues of an enterprise, and rights arising from contracts for the delivery or receipt of funds or the execution of works of material value pursuant to contractual agreements;
- C fixed and movable assets, as well as any other property rights related thereto, such as real estate mortgages; and
- D intellectual property rights as provided for in relevant laws in the Kingdom including patents, industrial designs, trademarks, and trade secrets.

## CHAPTER (2) Investor's Rights

### ARTICLE (3) Equal Treatment of Local Investors and Foreign Investors

1. Without prejudice to the provisions of relevant laws and international agreements to which the Kingdom is a party, an investor shall be treated equally with other investors; said equal treatment shall also apply to local and foreign investors under similar circumstances.
2. For the purposes of Paragraph (1) of this Article, the following considerations shall decide whether the circumstances related to investors are to be deemed similar:
  - a. the goods or services produced or consumed by the investor as part of his production inputs;
  - b. the targeted sector;
  - c. the investment size; and
  - d. the impact of the investment on the local economy or the environment.
3. Notwithstanding Paragraph (1) of this Article, the Ministry shall retain the right to regulate pursuant to local laws and regulations and as required by public interest. This shall include, but not be limited to, the protection of national security, public safety, and public order.



#### ARTICLE (4) Fair and Equitable Treatment

The following circumstances shall, without limitation, be deemed a violation of fair and equitable treatment:

1. denial of justice in criminal, civil, commercial, or administrative proceedings;
2. substantial breach of due process, including the basic violation of the transparency of judicial and administrative proceedings;
3. any manifest arbitrariness and arbitrary treatment, such as harassment and compulsion; and
4. unjustified and targeted discrimination which is based on apparent illicit grounds.

#### ARTICLE (5) Indirect Expropriation

1. A procedure or series of procedures shall be considered an indirect expropriation if it has an effect equivalent to direct expropriation, inasmuch as it deprives the investor of the fundamental property rights of his investment without a formal transfer of title or outright seizure. The following criteria shall be considered in determining whether indirect expropriation has occurred:
  - a. the economic impact of the procedure or series of procedures, although the adverse effect on the economic value of the investment shall not be solely sufficient to determine expropriation;
  - b. the duration of the adverse effect of the procedure or series of procedures; and
  - c. the nature and target of the procedure or series of procedures.
2. Non-discriminatory legal procedures implemented to protect legitimate public interests, such as public health, safety and the environment, shall not constitute indirect expropriation.

#### ARTICLE (6) Free Transfer of Funds

1. Without prejudice to the relevant laws, regulations and instructions in force, an investor shall have the right to freely transfer funds relating to his investment into and out of the Kingdom without delay. Such transfers shall include, but not be limited to the following:
  - initial capital and additional amounts to maintain or increase the size of the investment;



- a. all profits, capital gains, dividends, royalties, fees, and other current incomes;
  - b. payments made under a contract, including loan payments in connection with the investments;
  - c. proceeds obtained from the total or partial liquidation or sale of the investment; and
  - d. earnings and remuneration of personnel engaged from abroad and working in connection with the investments.
2. Notwithstanding the provisions of Paragraph (1) of this Article, the transfer of funds may be delayed or prevented in implementation of the applicable equitable, non-discriminatory, and bona-fide legislations relating to:
- a. cases of bankruptcy, insolvency, or protection of the rights of creditors;
  - b. issuing, trading, or dealing in securities;
  - c. criminal offenses or penalties; or
  - d. ensuring compliance with orders or judgments rendered in judicial proceedings.
3. The provisions of Paragraphs (1) and (2) shall not apply to measures taken by the Competent Authorities in connection with financial services for prudential and justified reasons, including measures for the protection of investors, depositors, insurance policyholders or creditors of an enterprise providing financial services, or for ensuring the stability and integrity of the financial system.

### CHAPTER (3) Statistical Data and Information

#### ARTICLE (7) Provision of Statistical Data and Information

1. An investor shall have the right to request available statistical data and information from the Ministry through its website, unless the same cannot be shared for reasons related to the implementation of the laws and decisions in force in the Kingdom.
2. The Ministry shall provide the Investor with available statistical data and information within a period not exceeding 30 working days from the date the request is submitted.
3. The Ministry may publish said statistical data and information as it deems necessary to achieve its objectives.



## CHAPTER (4) Investment Incentives

### ARTICLE (8) Eligibility Criteria for Investment Incentives

1. The Competent Authority shall, in coordination with the relevant entities, grant investment incentives as per the classification approved thereby and in accordance with its laws, provided that the eligibility criteria for these incentives be consistent with the objectives of the Law and the investor's rights granted thereunder.
2. The Competent Authority shall publish the eligibility criteria for investment incentives through the appropriate channels to ensure they are easily accessible by investors.

## CHAPTER (5) National Registry of Investors

### ARTICLE (9) Establishment of the National Registry of Investors

1. The Ministry shall establish a comprehensive national registry to include the information and data related to investments and shall oversee, manage, and develop said registry to achieve its purposes.
2. The Competent Authority shall provide the Ministry with any information or data required to complete or update the registry, including the integration of digital platforms with the Competent Authorities.
3. The Ministry may, in collaboration with the Competent Authority, hold periodic meetings for the purposes of establishing, updating, and developing the national registry of investors and ensuring the realization of its purposes. It may, for this purpose, sign joint agreements and empower *ad hoc* work teams for such tasks.
4. The Ministry may stipulate that the provision of its services or part thereof to an investor be based on updating his information on the national registry. The Investor Guide shall specify the mechanism therefor.

### ARTICLE (10) Data Protection and Use

1. The Ministry shall protect the security and confidentiality of the information and data available in the National Registry of Investors by establishing appropriate and effective procedures for this purpose.
2. The Ministry and the Competent Authority may use the data and information available in the registry as a source for study and research aimed at developing

the investment climate.

## CHAPTER (6) Registration

### ARTICLE (11) Application for Registration

1. If the applicant for registration is a natural person, the following information shall be provided upon registration:
  - a. the applicant's name;
  - b. the applicant's residence place and nationality;
  - c. the economic activity to be engaged in;
  - d. the capital;
  - e. the expected capital contribution to the proposed investment; and
  - f. any other information or documentation specified by the Ministry in the Investor Guide.
2. If the applicant for registration is a legal person, the following information shall be provided upon registration:
  - a. the name and place of incorporation of the enterprise, and its residence place, if different;
  - b. the applicant's scope of business and investment activity, including the economic activities to be engaged in;
  - c. the capital;
  - d. the expected capital contribution to the proposed investment;
  - e. the particulars of the owners, shareholders, persons having control over a foreign investor or the ultimate beneficial owner of the foreign investor, as the case may be;
  - f. any other information or documents specified by the Ministry in the Investor Guide.
3. As a condition for completing the registration, an applicant shall affirm the declarations prepared by the Ministry, including a declaration of the validity of all the information and documents he has provided.
4. The Ministry may request any additional information and documents that it deems necessary if the information set forth in Paragraphs (1) and (2) of this Article

appears to be insufficient or incorrect.

#### ARTICLE (12) Notification of Registration

1. The Ministry shall notify the applicant of his registration in the available activities within a period not exceeding 10 working days from the date of satisfying all registration requirements.
2. In the event that the application is incomplete or that further information is required, the Ministry shall notify the applicant for registration. Said applicant shall submit the required information within a reasonable period to be specified by the Ministry, which in all cases shall not be less than 15 working days. If the applicant fails to provide the information or documents set out in the Ministry's notification within the specified period, the application shall be deemed cancelled.

#### ARTICLE (13) Annual Update

1. The registered investor shall, from the date of registration, submit to the Ministry an annual update of the declarations signed upon registration, as well as any additional declarations required by the Ministry, including any changes of information or data recorded in the National Registry of Investors. The Ministry shall notify the registered investor of the results of the update submitted by him within 5 working days of its date of submission.
2. The registered investor may submit the annual update within the 60 working days preceding the annual update submission deadline.
3. The Ministry shall notify the registered investor to submit the annual update 30 working days prior to the scheduled submission date thereof.
4. The Ministry shall notify the registered investor of the date of the annual update and shall grant a period not exceeding 30 working days to submit the update.
5. The registered investor may apply for reactivating his registration within a period not exceeding three years from the expiration date of the period referred to in Paragraph (4) of this Article.
6. The investor shall re-register with the Ministry pursuant to the procedures specified in the Investor Guide if he exceeds the period set forth in Paragraph (5) of this Article.

**ARTICLE (14) Deregistration**

1. The registered investor may submit a voluntary application for deregistration provided that all the documents and information specified by the Ministry in the Investor Guide are provided.
2. The Ministry shall notify the registered investor if the application is incomplete or has not been submitted pursuant to the approved mechanism set forth in the Investor Guide. If the investor fails to complete the requirements within 15 working days from the notification date, the application shall be deemed cancelled.
3. The Ministry shall deregister an investor in the following cases:
  - a. cessation of all registered investments pursuant to a final decision or unappealable judicial ruling issued in accordance with the applicable laws in the Kingdom;
  - b. issuance of a final decision to suspend an investment for national security reasons, in accordance with CHAPTER (9) of these Regulations; and
  - c. if a final penalty decision to cancel registration is issued by the Committee.
4. The Ministry shall notify the registered investor of the deregistration decision within 5 working days from the date of receipt of a completed application for deregistration, or from the date of deregistration in accordance with Paragraph (3) of this Article.
5. A deregistered investor shall not engage in any investment activities in the Kingdom upon the issuance of the deregistration decision unless he applies for a new registration with the Ministry in accordance with the procedures set forth in these Regulations.
6. The deregistration provided for in this Article shall not be deemed to waive the rights claimed by a third party.

**CHAPTER (7) Excluded Activities****ARTICLE (15) List of Excluded Activities**

The Examination Committee shall issue a list of excluded activities and shall specify therein Prohibited or Restricted activities and any updates thereof. The Ministry shall publish said list in the Investor Guide.

**ARTICLE (16) Application for Investment in Excluded Activities**

1. A foreign investor seeking to engage in an excluded activity shall apply to the Ministry for approval. The Ministry shall refer said application to the Examination Committee and shall, in coordination with the Committee, specify the procedures for the registration of this application and publish the same in the Investor Guide.
2. The Examination Committee may, through the Ministry, request any additional information or documents it deems necessary to decide on the application for approval submitted pursuant to this Article.

**ARTICLE (17) Notification of Receipt of Application**

1. The Ministry shall notify a foreign investor through its approved communication channels of its receipt of a completed application for approval to engage in an excluded activity.
2. The Ministry shall notify the foreign investor if his application is not complete or if it has not been submitted pursuant to the approved procedures. Said investor shall complete the required procedures within a period not exceeding 15 working days from the notification date; otherwise, the application shall be deemed cancelled.

**ARTICLE (18) Notification of Examination Committee Decisions to Foreign Investors**

The Ministry shall notify a foreign investor of the Examination Committee's decision to engage in an excluded activity within 5 working days of its receipt of the decision.

**ARTICLE (19) Conditions for Reapplication**

1. A foreign investor may, in the event that his application for approval to engage in an excluded activity is rejected, submit a reapplication, providing the following:
  - a. reference number of the first application; and
  - b. any information or documents not submitted before warranting a reconsideration of the application.

**ARTICLE (20) Changes to Restricted Activities**

1. A foreign investor shall apply to the Ministry for approval of any change to the ownership of his investment in a restricted activity and shall comply with the application procedures stipulated in the Investor Guide.



2. The Examination Committee shall review the application for change referred thereto by the Ministry in accordance with the Committee's procedures. Said application shall be subject to the provisions of Articles 15-18 of this Chapter.

## CHAPTER (8) Comprehensive Service Center

### ARTICLE (21) Purposes of Comprehensive Service Center

1. A comprehensive service center affiliated with the Ministry shall facilitate communication between the investor and the Ministry in relation to the procedures for implementing these Regulations, including the following:
  - a. registration and any updates thereof, as well as deregistration;
  - b. applications for approval of investment in excluded activities; and
  - c. requests for information or documents, and any other communication relating to the procedures taken pursuant to these Regulations.
2. The comprehensive service center shall, in coordination with the Competent Authority, enable the investor to obtain the necessary legal approvals to engage in activities, in accordance with the applicable laws. The Investor Guide shall provide details of the services offered by the center vis-à-vis these approvals without prejudice to the jurisdiction of the Competent Authority.

## CHAPTER (9) Protection of National Security

### ARTICLE (22) Measures for Suspension of Foreign Investments

1. The Ministry may coordinate with the Competent Authorities, including the Examination Committee, with regard to foreign investments that threaten national security before, during, and after initiating the procedures set out in this Chapter.
2. The Ministry may request any information or documents that it deems to be of importance to assess the impact of foreign investment on the national security of the Kingdom. The Ministry shall lay down the necessary measures to maintain the security and confidentiality of the information or documents submitted thereto.
3. The Ministry may, at its discretion, hold discussions with the foreign investor before a decision to suspend an investment is issued in order to determine whether alternative measures, if any, could be taken to eliminate the national security risks.

**ARTICLE (23) Notification of Suspension Decision to Foreign Investors**

The Ministry shall notify a foreign investor of the suspension decision. Said investor may appeal the decision in accordance with the laws in force in the Kingdom.

**CHAPTER (10) Handling Investor Complaints****ARTICLE (24) Receiving Complaints**

1. The Ministry shall, in coordination with the Competent Authority, establish a system to receive investor complaints, including complaints with respect to decisions and procedures affecting his investment activities, such as:
  - measures taken or decisions issued in violation of the investor's rights under the relevant laws in force in the Kingdom, or under the relevant international investment agreements or contracts concluded between the investor and any other party; and
  - challenges of a non-legal nature facing the investor.
2. Investor complaints filed with the Ministry shall not be deemed a judicial proceeding and shall not affect the investor's right to initiate a proceeding before the judicial entities or competent committees, or to resort to any agreed-upon alternative dispute resolution mechanism.
3. The Ministry shall resolve investor complaints in a transparent and non-discriminatory manner.

**ARTICLE (25) Complaint Procedures**

1. An investor shall file a complaint with the Ministry and shall attach therewith all documents and information relating to its subject matter, including the following:
  - a. a summary of the facts and circumstances relating to the complaint;
  - b. details of the investment project to which the complaint relates;
  - c. supporting evidence and statutory grounds for the complaint;
  - d. identification of the parties to the complaint;
  - e. description of the procedures taken by the investor to resolve the complaint;
  - f. approximate value of the damage incurred by the investor;
  - g. proposed remedy to resolve the complaint; and



- h. any further information requested by the Ministry.
2. The Ministry shall notify the investor of its decision to accept or reject the complaint in writing within 10 working days from the date of receipt of the complaint and shall, in the event of acceptance, initiate the reviewing process of the complaint.
3. The Ministry shall review and resolve the investor's complaint via the following procedures:
  - a. requesting the investor to provide clarifications of the facts and incidents related to the complaint;
  - b. coordinating with the relevant Competent Authorities;
  - c. examining and addressing the challenges encountered by the investor; and
  - d. providing recommendations and proposals in line with the investor's rights stipulated in the applicable laws in the Kingdom and the relevant international agreements to which the Kingdom is a party.

#### ARTICLE (26) Decisions on Complaints

1. The Ministry shall submit its recommendations to the parties to the complaint within 30 working days from the date of its acceptance and shall inform the investor of the same.
2. The Ministry shall notify the investor of its decision and of the outcome of the complaint.

### CHAPTER (11) Violations

#### ARTICLE (27) Detecting and Recording Violations

1. The Minister or his designee may, as he deems appropriate, issue a decision to appoint officers to detect and record violations pursuant to a guide to be issued by the Ministry for such purpose.



2. The Ministry shall have the power to detect any violations of the provisions of the Law and these Regulations, and shall, in coordination with the Competent Authority pursuant to the laws in force in the Kingdom, establish a mechanism to verify such violations. These powers shall include the following:
  - a. obtaining records, documents, information, or any other requirements specified by the detection officer in relation to the violation;
  - b. analysing the reports and data submitted by the investor;
  - c. recording the complaints filed by relevant persons and entities;
  - d. taking procedures to verify contracts and transactions with suppliers and customers; and
  - e. communicating with the Competent Authority granting the license to the investor to provide data on the nature of his investment activities.
3. The detection officer shall draft and refer to the Committee a report on the violation detected.

#### **ARTICLE (28) Removal of Non-Serious Violations**

A violator shall remove any non-serious violation within the period specified by the Ministry, provided that it is not less than 30 working days from the date of the notification to remove the violation. The violator may request an extension of said period upon providing proper justifications and the Ministry may approve or reject such request.

#### **ARTICLE (29) Non-Serious Violations**

The Ministry shall prepare and publish in the Investor Guide a list of non-serious violations.

#### **ARTICLE (30) Serious Violations**

The following practices by an investor shall be deemed to be a serious violation of the provisions of the Law and these Regulations:

- a. engaging in an investment without registration thereof;
- b. investing in excluded activities without approval or after the expiration or cancellation thereof, or in contravention of the conditions for engaging in such activities;



- c. changing the ownership of restricted activities without prior approval;
- d. providing false or misleading information to the Ministry or the Competent Authority; and
- e. preventing or obstructing the detection officers from exercising their functions and duties pursuant to these Regulations.

#### ARTICLE (31) Committee Formation

1. The Minister shall issue a decision to appoint the Committee members and chairman and determine their remuneration. The Minister may also appoint a secretary who shall report to the Committee chairman. The term of Committee membership shall be three years subject to renewal for one additional term pursuant to a decision of the Minister.
2. A Committee member shall fulfil the following conditions:
  - a. They shall not have served as a Committee member for two consecutive terms or part thereof without interruption for a full term.
  - b. They shall be of good conduct and standing and shall not have been convicted of a Sharia-prescribed crime or an offence involving moral turpitude or dishonesty unless he has been rehabilitated.

#### ARTICLE (32) Committee Working Procedures

1. The Committee shall convene at its designated premises within the Ministry and may hold its sessions elsewhere if required. It may also hold sessions and issue decisions by electronic means.
2. Committee sessions shall be held *in camera* except with the approval of the Committee and pursuant to a prior notice to its secretariat.
3. A session shall only be deemed valid if attended by the majority of members, including the chairman or deputy.
4. The Committee shall convene whenever necessary to consider the violations under its review or at any other time at the discretion of the chairman.
5. Committee procedures and decisions, as well as the date and time of the session and the names of attending members, shall be recorded in minutes.
6. The Committee may, at its discretion, summon any party to the violation to

- appear in person.
7. Memos and documents may be submitted through electronic means as specified by the Committee.
  8. The Committee chairman or a designee may contact any person whom they see fit with regard to the violations referred to the Committee and may request any necessary documents or clarifications pertaining thereto without prejudice to the confidentiality of these documents.
  9. A Committee member may not participate in considering a violation or complaint filed with the Committee for review if the member has an interest of any kind or an existing dispute with the violator or with any party to the violation. In such case, this member shall inform the Committee of the conflict of interest and shall be excluded from considering the violation.

#### **ARTICLE (33) Representation before the Committee**

A person shall be represented before the Committee in accordance with the provisions of the Code of Law Practice and its Implementing Regulations.

#### **ARTICLE (34) Determination of Penalty**

1. The Committee shall determine the appropriate penalty within 30 working days of the date of receipt of the violation report and may extend said duration for another similar period.
2. The Committee shall determine the penalty by a majority vote. A member who has reservations on the decision shall record the same in a special report to be prepared for this purpose.
3. The Minister or a designee shall issue the penalty decision within a period not exceeding 30 working days from the date of the Committee report specifying the penalty.

#### **ARTICLE (35) Notification of Penalty Decision**

The Ministry shall notify the investor of the penalty decision through the specified means to be approved thereby.

**CHAPTER (12) Concluding Provisions****ARTICLE (36) Investor Guide**

1. The Minister or a designee shall, by a decision of the Minister, issue the Investor Guide. This Guide and any update thereof shall be published on the official website of the Ministry.
2. The Ministry shall draw up a list of the services that it offers to investors. The Investor Guide shall describe in detail the nature, classification, and method of providing said services, the benefits derived therefrom, and their fees.
3. The Ministry shall coordinate with the Competent Authority to take the necessary measures to ensure the continuity of licensing procedures related to specific economic activities in accordance with the relevant laws and decisions, including the Saudi Program to attract Regional Headquarters of multinational companies, as well as Special Economic Zones.

**ARTICLE (37) Entry into Force**

These Regulations shall be published in the Official Gazette and shall enter into force as of the effective date of the Law.