



The Draft Amendments of the Rules for Special Purposes Entities, the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, the By-Laws of the Special Purposes Entity that has issued or intends to issue debt instruments, and the By-Laws of the Special Purposes Entity that has issued or intends to issue investment units

A. Introduction:

As part of the Capital Market Authority's ("CMA") strategic objectives to develop the capital market, and based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 H, the CMA Board issued its resolution to publish the Draft Amendments of the Rules for Special Purposes Entities, the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, the By-Laws of the Special Purposes Entity that has issued or intends to issue debt instruments, and the By-Laws of the Special Purposes Entity that has issued or intends to issue investment units (the "Draft Amendments"); for public consultation for a period of (30) calendar days.

B. Objectives of the Draft Amendments and their main elements:

The Draft Amendments aim to enhance the attractiveness of Special Purposes Entities as a legal Entity for issuing debt instruments and investment units by improving their governance, developing their procedures, and enabling securitization transactions. This contributes to supporting the achievement of CMA objectives of developing the sukuk and debt instruments market and enabling the growth of the asset management industry.

The main elements of the draft are as follows:

1. Developing the establishment procedures for Special Purposes Entities.
2. Expanding the range of eligible issuers for debt instruments through special purpose entities and enabling them to engage in securitization transactions.
3. Enhancing investor protection in sukuk and debt instruments issued by Special Purpose Entities.

C. Proposed Amendments to the Rules for Special Purposes Entities Compared to the Current Provisions:

The Rules for Special Purposes Entities		
The Current Provisions	Provisions After Proposed Amendment	Clarification
<p>Article 6: Scope and Application</p> <p>(a) The provisions of this Part shall apply to special purposes entities that are issuing or intend to issue debt instruments.</p> <p>(b) If the special purposes entity is offering asset-linked recourse debt instruments or debt-based recourse debt instruments, through a public offer, the provisions of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules shall apply to such entity.</p> <p>(c) If the special purposes entity is offering asset-backed debt instruments, asset-linked recourse debt</p>	<p>Article 6: Scope and Application</p> <p>(a) The provisions of this Part shall apply to special purposes entities that are issuing or intend to issue debt instruments.</p> <p>(b) If the special purposes entity is offering asset-linked recourse debt instruments or debt-based recourse debt instruments, through a public offer, the provisions of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules shall apply to such entity.</p> <p>(c) If the special purposes entity is offering asset-backed debt instruments, asset-linked recourse debt</p>	<p>It is proposed to amend paragraph (c) of Article (6) of the draft amendment to the Rules for Special Purposes Entities, to include the exempt placement of the debt instruments issued by the special purposes entities.</p>

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instruments or debt-based recourse debt instruments, through a private placement, the provisions of the Rules on the Offer of Securities and Continuing Obligations shall apply to such entity.	instruments or debt-based recourse debt instruments, through a private or exempt placement, the provisions of the Rules on the Offer of Securities and Continuing Obligations shall apply to such entity.	
Article 11: Statutes of Sponsor (a) A sponsor of a special purposes entity that issued debt instruments shall fulfil the following conditions at all times: 1) if a special purposes entity issues, or intends to issue, debt-based recourse debt instruments, asset-linked recourse debt instruments, the sponsor shall be a Saudi joint stock company, a capital market institution licensed to carry on securities business related to the business of special purposes entity, a local bank or a finance company; 2) if a special purposes entity issues, or intends to issue, asset-backed debt instruments, the sponsor shall be a Saudi joint stock or limited liability company, a capital market institution licensed to carry on securities business related to the business of special purposes entity, a local bank or a finance company. 3) As an exception to the provisions of Sub-paragraph (1) of Paragraph (a) of this Article, if a special purposes entity issues, or intends to issue, debt-based recourse debt instruments, asset-linked recourse debt instruments through a private placement, the sponsor may be a Saudi limited liability company.	Article 11: Conditions of the Sponsor (a) A sponsor of a special purposes entity that issued or intended to issue debt instruments shall fulfil the following conditions at all times: 1) To be a legal person, comply with the laws and regulations relevant to its activities, and obtain the necessary approvals for establishing the entity and issuing debt instruments through it. 2) As an exception to the provisions of Sub-paragraph (1) of Paragraph (a) of this Article, if a special purposes entity issues, or intends to issue, debt-based recourse debt instruments, asset-linked recourse debt instruments through a public placement, the sponsor must not be a limited liability company.	It is proposed to amend sub-paragraphs (1) and (3) and remove sub-paragraph (2) of paragraph (a) of Article (11) of draft amendment to the Rules for Special Purposes Entities, to provide flexibility to the legal form of the sponsor, while ensuring its compliance with the laws and regulations relevant to its activities, and obtain the necessary approvals for establishing the entity and issuing debt instruments through it.
Article 12: Restrictions on Sponsor Rights Towards Special Purposes Entity Neither a sponsor, nor any of its affiliates, may have any interest in, or	Article 12: Restrictions on Sponsor Rights Towards Special Purposes Entity Neither a sponsor, nor any of its affiliates or any of its creditors , may	It is proposed to amend Article (12) of the draft amendment to the Rules for Special Purposes Entities, by adding the phrase “ or any of its creditors ”.

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claims against, the assets of the special purposes entity other than claims fully and fairly disclosed in the special purposes entity's documents.	have any interest in, or claims against, the assets of the special purposes entity other than claims fully and fairly disclosed in the special purposes entity's documents.	
<p>Article 15: Trustee of a Special Purposes Entity</p> <p>...</p> <p>(b) Neither a trustee of the special purposes entity, nor any of its affiliates, may have any interest in, or claims against, the assets of the special purposes entity other than claims fully and fairly disclosed in the special purposes entity's documents.</p> <p>...</p> <p>(d) In the event that the special purposes entity issues asset-backed debt instruments or asset-linked recourse debt instruments, the trustee of the special purposes entity must be a capital market institution licensed to carry on custody business in the event that it takes custody of the assets of such entity in accordance to the provisions set out in Chapter (7) of this Part.</p>	<p>Article 15: Trustee of a Special Purposes Entity</p> <p>...</p> <p>(b) Neither a trustee of the special purposes entity, nor any of its affiliates or any of its creditors, may have any interest in, or claims against, the assets of the entity other than claims fully and fairly disclosed in the entity's documents.</p> <p>...</p> <p>(d) The trustee of the special purposes entity must be a legal person. if the entity issues asset-backed debt instruments or asset-linked recourse debt instruments, the trustee of the entity must be a capital market institution licensed to carry on custody business in the event that it takes custody of the assets of such entity in accordance with the provisions set out in Chapter (8) of this Part.</p>	<ul style="list-style-type: none"> - It is proposed to amend paragraph (b) of Article (15) of the draft amendment to the Rules for Special Purposes Entities, by adding the phrase "or any of its creditors". - It is proposed to amend paragraph (d) of Article (15) of the draft amendment to the Rules for Special Purposes Entities, to require that the trustee must be a legal person. - It is proposed to make a number of drafting amendments to Article (15).
<p>Article 16: Responsibilities of the Trustee of a Special Purposes Entity</p> <p>(a) The trustee of the special purposes entity shall appoint the members of the board of directors, determine their remuneration, and ensure that they carry out all their duties and responsibilities towards the special purposes entity and the debt instruments holders.</p> <p>(b) The trustee of the special purposes entity shall appoint a custodian to be</p>	<p>Article 16: Responsibilities of the Trustee of a Special Purposes Entity</p> <p>(a) The trustee of the special purposes entity shall be responsible for representing the holders of the debt instruments issued by the entity.</p> <p>(b) The trustee of the special purposes entity shall appoint the members of the board of directors, determine their remuneration, and ensure that they carry out all their duties and</p>	<ul style="list-style-type: none"> - It is proposed to add paragraph (a) to Article (16) of the draft amendment to the Rules for Special Purposes Entities, to impose a responsibility on the trustee of the entity to represent the holders of the debt instruments issued by the entity, thereby enhancing the protection of their interests and rights. - It is proposed to make a number of drafting amendments to Article (16).



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<p>responsible for taking custody of real estate assets and securities owned by the special purposes entity, and for taking all the administrative measures related to the custody of those real estate assets and securities in accordance with the provisions set out in Chapter (7) of this Part.</p> <p>(c) The trustee of the special purposes entity is responsible for appointing an auditor for the special purposes entity.</p>	<p>responsibilities towards the entity and the debt instruments holders.</p> <p>(c) The trustee of the special purposes entity shall appoint a custodian to be responsible for taking custody of real estate assets and securities owned by the entity, and for taking all the administrative measures related to the custody of those real estate assets and securities in accordance with the provisions set out in Chapter (8) of this Part.</p> <p>(d) The trustee of the special purposes entity is responsible for appointing an auditor for the entity.</p>	
<p>Article 17: Changing the Trustee of the Special Purposes Entity</p> <p>Other than the cases in which the sponsor is the trustee of the special purposes entity, the sponsor may change the trustee of the special purposes entity in the event of its failure to carry out its responsibilities in accordance with the provisions of these Rules, or upon its failure to fulfil any of its obligations toward the sponsor or the special purposes entity.</p>	<p>Article 17: Changing the Trustee of the Special Purposes Entity</p> <p>(a) Other than the cases in which the sponsor is the trustee of the special purposes entity, the sponsor and the debt instrument holders may submit a request to the Authority to change the trustee of the entity in the event of its failure to carry out its responsibilities in accordance with the provisions of these Rules or the terms of the agreement under which it was appointed, or upon its failure to fulfil any of its obligations toward the sponsor, or the debt instrument holders, or the entity.</p> <p>(b) The request referred to in paragraph (a) of this article must include evidence of the debt instrument holders' approval of the appointment of a replacement trustee. The applicant must also provide the Authority with any documents or information requested for issuing its decision on changing the trustee of the special purposes entity.</p>	<ul style="list-style-type: none"> - It is proposed to add paragraphs (b) and (c) to Article (17) of the draft amendment to the Rules for Special Purposes Entities, to developing provisions relating to the trustee of the entity, thereby enhancing the protection of the interests and rights of debt instrument holders and mitigating conflicts of interest. - It is proposed to make a number of drafting amendments to Article (17).



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	(c) The Authority shall have the power to change the trustee of the special purposes entity and take any action it deems appropriate to appoint a replacement trustee or implement any other measures it deems necessary, if the trustee is unable to fulfill its responsibilities in accordance with these rules or if the trustee has failed, in a manner which the Authority considers material, to comply with the Capital Market Law and its Implementing Regulations, or has failed to fulfil any of its obligations toward the sponsor, debt instrument holders, or the entity.	
-	<p>CHAPTER 6: The Originator in Securitization Transactions.</p> <p>Article 18: The Originator in Securitization Transactions.</p> <p>(a) The originator in securitization transactions shall sell the securitized assets or transfer the associated rights to the special purposes entity through which asset-backed debt instruments or asset-linked recourse debt instruments will be offered. Neither the originator nor its creditors shall have the right to dispose of the assets after they have been sold or the rights after they have been transferred.</p> <p>(b) The originator, any of its affiliates, or its creditors shall not have any interest in the securitized assets, the special purposes entity, or any claims related to entity's assets, except for claims fully and fairly disclosed in the entity's documents.</p>	<ul style="list-style-type: none"> - It is proposed to add Chapter (6) to the draft amendment to the Rules for Special Purposes Entities, titled "The Originator in Securitization Transactions". - It is proposed to add Article (18) to Chapter (6) of the draft amendment to the Rules for Special Purposes Entities, to regulate a number of provisions relating to the issuing of asset-backed debt instruments or asset-linked recourse debt instruments through securitization transactions.
-	<p>CHAPTER 6: The Originator in Securitization Transactions.</p> <p>Article 19: Claims under debt</p>	It is proposed to add Article (19) to the draft amendment to the Rules for Special Purposes Entities, to clarify



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	<p>instruments issued by the special purposes entity through securitization transactions.</p> <p>Holders of debt instrument shall not have the right to claim payment from the originator for amounts due under the debt instruments issued by the special-purposes entity through securitization transactions, except for claims fully and fairly disclosed in the entity's documents.</p>	<p>the provisions of the claims under debt instruments issued by the special purposes entity through securitization transactions.</p>
<p>CHAPTER 6: BOARD OF DIRECTORS</p> <p>Article 18: Board Membership Requirements</p> <p>(a) The directors of a special purposes entity must be registered with the Authority at all times in accordance with these Rules.</p> <p>(b) A special purposes entity must have, at least, two board members, and all directors of a special purposes entity must fulfil the requirements of this Chapter.</p>	<p>CHAPTER 7: BOARD OF DIRECTORS</p> <p>Article 20: Board Membership Requirements</p> <p>(a) The directors of a special purposes entity must be registered with the Authority at all times in accordance with these Rules.</p> <p>(b) The board of directors of the special purposes entity must be independent of both the sponsor and the originator at the time of establishment, including cases where the sponsor is the trustee of the entity.</p> <p>(c) As an exception to the provisions of paragraph (B) of this article, if the board of directors of the entity that issued or intends to issue debt instruments through securitization transactions consists of three or more members, at least, the majority of the board of directors must be independent of both the sponsor and the originator.</p> <p>(d) A special purposes entity must have, at least, two board members, and all directors of a special purposes entity must fulfil the requirements of this Chapter.</p>	<p>It is proposed to add paragraphs (b) and (c) to Article (18) of the draft amendment to the Rules for Special Purposes Entities, to prevent conflicts of interests among the board members of the special purposes entity, to ensure that they perform their obligations towards the debt instrument holders and the entity.</p>



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<p>Article 39: Preliminary Provisions</p> <p>...</p> <p>(c) The capital of the special purposes entity shall be variable and based on the subscriptions of investors in the related fund.</p>	<p>Article 41: Preliminary Provisions</p> <p>...</p> <p>(c) In the case of an open-ended investment fund that takes the form of a special purposes entity, the capital of the entity shall be variable and based on the subscriptions of investors in the fund.</p> <p>(d) In the case of a closed-ended investment fund that takes the form of a special purposes entity, the capital of the entity shall be the fund's capital based on the register of unit holders.</p>	<p>- It is proposed to amend paragraph (c) and add paragraph (d) to Article (39) of the draft amendment to the Rules for Special Purposes Entities, to add more clarification about the type of the investment fund that takes the form of a special purposes entity.</p>
<p>Article 47: Compliance with the Bankruptcy Law</p> <p>(a) A special purposes entity must comply with the provisions of the Bankruptcy Law and its implementing regulations.</p> <p>(b) A special purposes entity must notify the Authority in writing of the result of any action taken from the Bankruptcy Law procedures, within (14) days of the procedure's completion.</p>	<p>Article 49: Compliance with the Bankruptcy Law</p> <p>(a) A special purposes entity must comply with the provisions of the Bankruptcy Law and its implementing regulations.</p> <p>(b) The special purposes entity must submit a request to obtain the Authority's approval before initiating any of the procedures stipulated in the Bankruptcy Law and its implementing regulations. The Authority will review the request in accordance with the provisions of the Bankruptcy Law, its implementing regulations, and the Information and Documents Rules Provided for in the Bankruptcy Law and the Implementing Regulations thereof. the Authority may require the entity to provide it with any information or documents it considers necessary to issue its decision regarding the request to initiate any bankruptcy procedures or Judicial Depository.</p> <p>(c) A special purposes entity must notify the Authority in writing of the result of any action taken from the</p>	<p>It is proposed to add paragraph (b) to Article (47) of the draft amendment to the Rules for Special Purposes Entities, to regulate the requirements for submitting a request to open any bankruptcy procedures, by obtaining the Authority's approval before initiating any of the bankruptcy procedures.</p>

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	Bankruptcy Law procedures, within (14) days of the procedure's completion.	
<p>Article 49: Register of Special Purposes Entities</p> <p>(a) The Authority shall maintain a register of each special purposes entity that is established under these Rules in such form, as it deems appropriate.</p> <p>(b) This register must record a copy of the special purposes entity's by-laws as at its incorporation, together with any subsequent amendments to the by-laws.</p> <p>(c) A special purposes entity must notify the Authority immediately of any change to the information specified in Paragraph (b) of this Article.</p>	<p>Article 50: Register of Special Purposes Entities</p> <p>(a) The Authority shall maintain a register of each special purposes entity that is established under these Rules in such form, as it deems appropriate.</p> <p>(b) This register must record a copy of the special purposes entity's by-laws as at its incorporation, together with any subsequent amendments to the by-laws.</p>	<p>It is proposed to remove paragraph (c) of Article (49) of the draft amendment to the Rules for Special Purposes Entities, considering that the requirement stipulated in this paragraph is deemed satisfied pursuant to the notification requirements stipulated in ANNEX (1) of the Rules for Special Purposes Entities.</p>
<p>Article 50: Register of Directors</p> <p>(a) The Authority shall maintain a register of the directors of each special purposes entity that is established under these Rules in such form, as it deems appropriate.</p> <p>(b) This register referred to in Paragraph (a) of this Article must record the following details:</p> <ol style="list-style-type: none"> 1) The name of the special purposes entity and its commercial register; 2) names and addresses of the directors; 3) national identification number, residency identification (iqama) number or passport number of each director, as applicable; 4) nationality of each director; 5) business occupation of each director (if any); 6) date of appointment of each director; and 	<p>Article 51: Register of Directors</p> <p>(a) The Authority shall maintain a register of the directors of each special purposes entity that is established under these Rules in such form, as it deems appropriate.</p> <p>(b) This register referred to in Paragraph (a) of this Article must record the following details:</p> <ol style="list-style-type: none"> 1) The name of the special purposes entity and its commercial register; 2) names and addresses of the directors; 3) national identification number, residency identification (iqama) number or passport number of each director, as applicable; 4) nationality of each director; 5) business occupation of each director (if any); 6) date of appointment of each director; and 	<p>It is proposed to remove paragraph (c) of Article (50) of the draft amendment to the Rules for Special Purposes Entities, considering that the requirement stipulated in this paragraph is deemed satisfied pursuant to the notification requirements stipulated in ANNEX (1) of the Rules for Special Purposes Entities.</p>



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<p>7) date of removal or resignation of each director (if applicable).</p> <p>(c) A special purposes entity must promptly notify the Authority of any change to the information specified in Paragraph (b) of this Article.</p>	<p>7) date of removal or resignation of each director (if applicable).</p>	
<p>Article 53: Fees</p> <p>The Authority may levy such fees as it deems appropriate in relation to the recording of, and the provision of access to, information required to be kept by it as set out in Articles (49) and (50) of these Rules.</p>	-	<p>It is proposed to remove Article (53) of the draft amendment to the Rules for Special Purposes Entities, considering that the requirement stipulated in this Article is deemed satisfied pursuant to the Article (48) of the Rules for Special Purposes Entities.</p>
<p>Article 54: Termination of a Special Purposes Entity</p> <p>The special purposes entity shall cease to exist with the end of the purposes for which it was established for. The special purposes entity must notify the Authority in writing of such (14) days prior to the date of its termination.</p>	<p>Article 55: Termination and Dissolution of a Special Purposes Entity</p> <p>(a) The special purposes entity shall cease to exist with the end of the purpose for which it was established for. The special purposes entity must notify the Authority in writing of such (14) days prior to the date of its termination.</p> <p>(b) The special purposes entity may submit a request to the Authority for its dissolution when the need of its establishment no longer exists, provided that the entity's board members, trustee, or the fund manager and custodian (where applicable), submit a declaration confirming that the entity to be dissolved has no existing obligations. the Authority may require the entity to provide it with any information or documents it considers necessary to issue its decision regarding the dissolution.</p>	<p>It is proposed to add paragraph (b) to Article (54) of the draft amendment to the Rules for Special Purposes Entities, to regulate the cancellation of the special purposes entity when the need of its establishment no longer exists,</p>

D. Proposed Amendments to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority Compared to the Current Provisions:

Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority		
The Current Provisions	Provisions After Proposed Amendment	Clarification
<p>Debt-Based Recourse Debt Instrument: means a debt instrument issued by a special purposes entity under whose terms:</p> <p>(a) the entitlement of holders of the debt instrument to a return is not based on the returns generated by the special purposes entity's assets;</p> <p>(b) the sponsor is obliged to the holders of the debt instrument (whether by guarantee or otherwise) to pay all amounts due on the debt instrument; and</p> <p>(c) repayment of the nominal value of the debt instrument is to be made to the holders of the debt instrument at or before the maturity of such debt instrument.</p>	<p>Debt-Based Recourse Debt Instrument: means a debt instrument issued by a special purposes entity under whose terms:</p> <p>(a) the entitlement of holders of the debt instrument to a return is not based on the returns generated by the special purposes entity's assets;</p> <p>(b) the sponsor is obliged to the holders of the debt instrument (whether by guarantee or otherwise) to pay all amounts due on the debt instrument; and</p>	<p>It is proposed to remove paragraph (c) of the definition of the term “Debt-Based Recourse Debt Instrument”, to provide more flexibility.</p>
—	<p>Originator: A legal entity that intends to sell its assets or transfer the associated rights to a special purposes entity for issuing asset-backed debt instruments or asset-linked recourse debt instruments through securitization transactions.</p>	<p>It is proposed to add the term “Originator” to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.</p>
—	<p>Creditor: As defined in the Bankruptcy Law.</p>	<p>It is proposed to add the term “Creditor” to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.</p>



E. Proposed amendments to the By-Laws of the Special Purposes Entity that has issued or intends to issue debt instruments, compared to the current provisions:

The By-Laws of the Special Purposes Entity that has issued or intends to issue debt instruments.	
The Current Provisions	Provisions After Proposed Amendment
<p>These By-Laws are approved on this [weekday], [Hejri date] (corresponding to [Gregorian date]) in respect of the Special Purposes Entity (the Entity) established and licenced under the Rules for Special Purposes Entities issued by the Board of the Saudi Capital Market Authority (the Authority) pursuant to its Resolution Number [●] dated [●] (the Rules for Special Purposes Entities), by [name of the Sponsor], a [the legal form of the Sponsor], with its registered office at [address of the Sponsor]; having [business activity of the Sponsor] as its business activity, which is the Sponsor for the purposes of the Rules for Special Purposes Entities.</p>	<p>These By-Laws are approved on this [weekday], [Hejri date] (corresponding to [Gregorian date]) in respect of the Special Purposes Entity (the Entity) established and licenced under the Rules for Special Purposes Entities issued by the Board of the Saudi Capital Market Authority (the Authority) pursuant to its Resolution Number [●] dated [●] amended by its Resolution Number [●] dated [●] (the Rules for Special Purposes Entities), by [name of the Sponsor], a [the legal form of the Sponsor], with its registered office at [address of the Sponsor]; having [business activity of the Sponsor] as its business activity, which is the Sponsor for the purposes of the Rules for Special Purposes Entities.of the Trustee of the Special Purposes Entity].</p>
<p>2. TRUSTEE OF THE SPECIAL PURPOSES ENTITY</p> <p>2.1 [name of the Trustee of the Special Purposes Entity], [the legal form of the Trustee of the Special Purposes Entity], and having its registered office at [the address of the Trustee of the Special Purposes Entity], and its business activity is [business activity of the Trustee of the Special Purposes Entity] -or- [Name of the individual], [nationality], with [type of identity card –or- passport] with the number [identity card number or passport number], having [occupation] as his/her occupation, and his/her address at [the address of the Trustee of the Special Purposes Entity].</p>	<p>2. TRUSTEE OF THE SPECIAL PURPOSES ENTITY</p> <p>2.1 [name of the Trustee of the Special Purposes Entity], [the legal form of the Trustee of the Special Purposes Entity], and having its registered office at [the address of the Trustee of the Special Purposes Entity], and its business activity is [business activity of the Trustee of the Special Purposes Entity]</p>
<p>5. DIRECTORS</p> <p>-</p>	<p>5. DIRECTORS</p> <p>5.2The board of directors of the special purposes entity must be independent of both the sponsor and the originator at the time of establishment, including cases where the sponsor is the trustee of the entity. As an exception, if the board of directors of the entity that</p>



The By-Laws of the Special Purposes Entity that has issued or intends to issue debt instruments.	
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	issued or intends to issue debt instruments through securitization transactions consists of three or more members, at least, the majority of the board of directors must be independent of both the sponsor and the originator.
<p>5. DIRECTORS</p> <p>5-4 If the removal or resignation of the Director will lead to the number of Directors becoming less than the minimum required under Article 5.1 above, or result in a breach of Article 19 of the Rules for Special Purposes Entities regarding the requirement of the residency of one of the Directors in the Kingdom, the Trustee of the Special Purposes Entity must make the needed corrective measures to fulfil the requirements in a period no later than (30) calendar days from the date of notifying the Authority of such Director ceasing to be a Director, in accordance with paragraph (d) of Article 29 of the Rules for Special Purposes Entities.</p>	<p>5. DIRECTORS</p> <p>5-5 If the removal or resignation of the Director will lead to the number of Directors becoming less than the minimum required under Article 5.1 above, or result in a breach of Article 21 of the Rules for Special Purposes Entities regarding the requirement of the residency of one of the Directors in the Kingdom, the Trustee of the Special Purposes Entity must make the needed corrective measures to fulfil the requirements in a period no later than (30) calendar days from the date of notifying the Authority of such Director ceasing to be a Director, in accordance with paragraph (d) of Article 31 of the Rules for Special Purposes Entities.</p>



The By-Laws of the Special Purposes Entity that has issued or intends to issue debt instruments.	
The Current Provisions	Provisions After Proposed Amendment
<p>5. DIRECTORS</p> <p>5-6 The Directors shall manage the business and day-to-day affairs of the Entity, who together shall have all powers and authorities, except where stipulated in the Rules for Special Purposes Entities or by these By-Laws that it shall be exercised by the Sponsor or the Trustee of the Special Purposes Entity, including (without limitation):</p> <p>(a) to represent the Entity before the Authority, all notary publics, judicial authorities, Government and private entities and others;</p> <p>(b) to negotiate any contracts or other documents to be entered into by the Entity and executing such contracts and documents in the name of the Entity, in order to obligate the Entity to the terms of such contracts and documents;</p> <p>(c) to appoint and remove the Entity's agents or legal advisors;</p> <p>(d) Representing the interests of debt instruments holders</p>	<p>5. DIRECTORS</p> <p>5-7 The Directors shall manage the business and day-to-day affairs of the Entity, who together shall have all powers and authorities, except where stipulated in the Rules for Special Purposes Entities or by these By-Laws that it shall be exercised by the Sponsor or the Trustee of the Special Purposes Entity, including (without limitation):</p> <p>(a) to represent the Entity before the Authority, all notary publics, judicial authorities, Government and private entities and others;</p> <p>(b) to negotiate any contracts or other documents to be entered into by the Entity and executing such contracts and documents in the name of the Entity, in order to obligate the Entity to the terms of such contracts and documents;</p> <p>(c) to appoint and remove the Entity's agents or legal advisors;</p> <p>(d) disposition of real estate assets for the benefit of the Special Purposes Entity, including their purchase, sale, registration, transfer of ownership, mortgage, and other related transactions.</p>
<p>5. DIRECTORS</p> <p>5-7 The Directors may delegate any of their authorities to any person, including (without limitation) any of the authorities specified in Article 5.6 above, and shall bear the responsibility for such delegation, without prejudice to Article 24 of the Rules for Special Purposes Entities.</p>	<p>5. DIRECTORS</p> <p>5-8 The Directors may delegate any of their authorities to any person, including (without limitation) any of the authorities specified in Article 5.7 above, and shall bear the responsibility for such delegation, without prejudice to Article 26 of the Rules for Special Purposes Entities.</p>
<p>7. DECISIONS MAKING</p> <p>This section includes decisions-making process regarding the Special Purposes Entity that are not included in the Rules for Special Purposes Entities, given that such decision shall be made either by the Directors or the Trustee of the Special Purposes Entity.</p>	<p>7. DECISIONS MAKING</p> <p>This section includes decisions-making process regarding the Special Purposes Entity that are not included in the Rules for Special Purposes Entities, given that such decision shall be made either by the Directors or the Trustee of the Special Purposes Entity. [insert text]</p>



The By-Laws of the Special Purposes Entity that has issued or intends to issue debt instruments.	
The Current Provisions	Provisions After Proposed Amendment
8. AUDITOR 8.1 The Trustee of the Special Purposes Entity shall annually issue a written resolution appointing an Auditor registered with the Authority in accordance with the Rules for Registering Auditors of Entities Subject to the Authority's Supervision, in accordance with Article 34 of the Rules for Special Purposes Entities.	8. AUDITOR 8.1 The Trustee of the Special Purposes Entity shall annually issue a written resolution appointing an Auditor registered with the Authority in accordance with the Rules for Registering Auditors of Entities Subject to the Authority's Supervision, in accordance with Article 36 of the Rules for Special Purposes Entities.
9. BOOKS AND RECORDS 9.1 The Directors shall be responsible for ensuring that the books and records are maintained properly and in accordance with Article 36 of the Rules for Special Purpose Entities.	9. BOOKS AND RECORDS 9.1 The Directors shall be responsible for ensuring that the books and records are maintained properly and in accordance with Article 38 of the Rules for Special Purposes Entities.
12. TERMINATION OF A SPECIAL PURPOSES ENTITY The Special Purposes Entity shall cease to exist with the end of the purpose for which it was established for in accordance with Article 54 of the Rules for Special Purposes Entities.	12. TERMINATION OR Dissolution OF A SPECIAL PURPOSES ENTITY The Special Purposes Entity shall be terminated or dissolved in accordance with Article 55 of the Rules for Special Purposes Entities.
14. GERNERAL PROVISIONS 14.2 These By-Laws has been drafted and signed in Arabic. and English. in case of conflict between the two versions, the Arabic version shall prevail. 14.3 These By-Laws have been signed in [insert number of copies in words] ([insert number of copies in numerals]) copies [in Arabic and English].	14. GERNERAL PROVISIONS 14.2 These By-Laws has been drafted and signed in Arabic. In the event that an English version is prepared and a conflict arises between the two versions, the Arabic version shall prevail. 14.3 These By-Laws have been signed in [insert number of copies in words] ([insert number of copies in numerals]) copies [in Arabic or Arabic and English] .

F. Proposed amendments to the By-Laws of the Special Purposes Entity that has issued or intends to issue investment units, compared to the current provisions:

The By-Laws of the Special Purposes Entity that has issued or intends to issue investment units.	
The Current Provisions	Provisions After Proposed Amendment
These By-Laws are approved on [weekday], [Hejri date] (corresponding to [Gregorian date]) in respect of the Special Purposes Entity (the Entity) established and	These By-Laws are approved on [weekday], [Hejri date] (corresponding to [Gregorian date]) in respect of the Special Purposes Entity (the Entity) established and



The By-Laws of the Special Purposes Entity that has issued or intends to issue investment units.	
The Current Provisions	Provisions After Proposed Amendment
<p>licenced under the Rules for Special Purposes Entities issued by the Board of the Saudi Capital Market Authority (the Authority) pursuant to its Resolution Number [●] dated [●] (the Rules for Special Purposes Entities), by [name of the Fund Manager], a [the legal form of the Fund Manager], with its registered office at [address of the Fund Manager]; having as its business activity [business activity of the Fund Manager], in its capacity as the fund manager of [the name of the investment fund or real estate investment fund (with the same name as the Special Purposes Entity)], which takes the form of the special purposes entity (the Fund).</p>	<p>licenced under the Rules for Special Purposes Entities issued by the Board of the Saudi Capital Market Authority (the Authority) pursuant to its Resolution Number [●] dated [●] amended by its Resolution Number [●] dated [●] (the Rules for Special Purposes Entities), by [name of the Fund Manager], a [the legal form of the Fund Manager], with its registered office at [address of the Fund Manager]; having as its business activity [business activity of the Fund Manager], in its capacity as the fund manager of [the name of the investment fund or real estate investment fund (with the same name as the Special Purposes Entity)], which takes the form of the special purposes entity (the Fund).</p>
<p>2. CUSTODIAN</p> <p>[Name of the Custodian], [the legal form of the Custodian], and having its registered office at [the address of the Custodian], and its business activity is [business activity of the Custodian].</p>	<p>2. CUSTODIAN</p> <p>The Custodian of an Investment Fund that takes the form of a Special Purposes Entity shall be the Custodian appointed by the Fund Manager and referred to in the terms and conditions of the Investment Fund that takes the form of a Special Purposes Entity.</p>
<p>5. SHAREHOLDERS</p> <p>5.2 All the securities and other assets of the Fund shall be registered in the name of the Entity; these securities and other assets are jointly owned by the holders of the investment units issued by the Entity.</p>	<p>5. SHAREHOLDERS</p> <p>5.2 All the securities, shares in companies and other assets of the Fund shall be registered in the name of the Entity, these securities, shares in companies and other assets are jointly owned by the holders of the investment units issued by the Entity.</p>
<p>6. CAPITAL</p> <p>The capital of the Entity is [insert the capital of the Entity in numerals and words], divided into [insert the number of investment units in numerals and words], each having a nominal value of [insert the nominal value of the investment unit in numerals and words]. [Or if it is an open-ended investment fund] The capital of the Entity is variable and is based on the subscriptions and redemptions of the investors in the investment units issued by the Entity.</p>	<p>6. CAPITAL</p> <p>The capital of the Entity that issues investment units shall be the capital of the fund that takes the form of a Special Purposes Entity, in accordance with the register of unitholders. [Or if it is an open-ended investment fund] The capital of the Entity is variable and is based on the subscriptions and redemptions of the investors in the investment units issued by the Entity.</p>



The By-Laws of the Special Purposes Entity that has issued or intends to issue investment units.	
The Current Provisions	Provisions After Proposed Amendment
<p>7. FUND MANAGER</p> <p>7.1 The Fund Manager shall manage the business of the Entity and carry out its day-to-day affairs, and shall have all powers and authorities, except where stipulated in the Rules for Special Purposes Entities and the [Investment Funds Regulations or the Real Estate Investment Funds Regulations (as applicable)] or in these By-Laws that it shall be for others, including (without limitation):</p> <p>(a) to represent the Entity before the Authority, all notary publics, judicial authorities, Government and private entities and others;</p> <p>(b) to negotiate any contracts or other documents to be entered into by the Entity, and executing such contracts and documents in the name of the Entity, in order to obligate the Entity to the terms of such contracts and documents;</p> <p>(c) to appoint and remove the Entity's agents or legal advisors.</p> <p>7.2 The Fund Manager may delegate any of his/her authorities to any person, including (without limitation) any of the authorities specified in Article 7.1 above or the authorities stipulated in the Rules for Special Purposes Entities and the [Investment Funds Regulations or the Real Estate Investment Funds Regulations (as applicable)], and shall bear the responsibility for such delegation.</p>	<p>7. FUND MANAGER</p> <p>7.1 The Fund Manager shall manage the business of the Entity and carry out its day-to-day affairs, and shall have all powers and authorities, except where stipulated in the Rules for Special Purposes Entities and the [Investment Funds Regulations or the Real Estate Investment Funds Regulations (as applicable)] or in these By-Laws that it shall be for others, including (without limitation):</p> <p>(a) to represent the Entity before the Authority, all notary publics, judicial authorities, Government and private entities and others;</p> <p>(b) to negotiate any contracts or other documents to be entered into by the Entity, and executing such contracts and documents in the name of the Entity, in order to obligate the Entity to the terms of such contracts and documents;</p> <p>(c) disposition of real estate assets for the benefit of the Entity, including their purchase, sale, registration, transfer of ownership, mortgage, and other related transactions;</p> <p>(d) borrowing on behalf of the Entity;</p> <p>(e) registering shares in existing companies or establishing new companies in the name of the Entity;</p> <p>(f) to appoint and remove the Entity's agents or legal advisors.</p> <p>7.2 The Fund Manager may delegate any of his/her authorities to any person, including (without limitation) any of the authorities specified in Article 7.1 above or the authorities stipulated in the Rules for Special Purposes Entities and the [Investment Funds Regulations or the Real Estate Investment Funds Regulations (as applicable)], and shall bear the responsibility for such delegation.</p>
<p>10. DECISIONS MAKING</p> <p>This section includes decisions-making process regarding the Special Purposes Entity that are not included in these By-laws, the Rules for Special Purposes Entities or the [Investment Funds Regulations or the Real Estate Investment Funds Regulations (as applicable)], such decision shall be made by the Fund Manager without prejudice to the provisions of the Rules for Special Purposes Entities and the [Investment Funds Regulations or</p>	<p>10. DECISIONS MAKING</p> <p>This section includes decisions-making process regarding the Special Purposes Entity that are not included in these By-laws, the Rules for Special Purposes Entities or the [Investment Funds Regulations or the Real Estate Investment Funds Regulations (as applicable)], such decision shall be made by the Fund Manager without prejudice to the provisions of the Rules for Special Purposes Entities and the [Investment Funds Regulations or</p>



The By-Laws of the Special Purposes Entity that has issued or intends to issue investment units.	
The Current Provisions	Provisions After Proposed Amendment
the Real Estate Investment Funds Regulations (as applicable)].	or the Real Estate Investment Funds Regulations (as applicable)]. [insert text]
13. TERMINATION OF A SPECIAL PURPOSES ENTITY The Special Purposes Entity shall cease to exist with the end of the purpose for which it was established for in accordance with Article 54 of the Rules for Special Purposes Entities.	13. TERMINATION OR Dissolution OF A SPECIAL PURPOSES ENTITY The Special Purposes Entity shall be terminated or dissolved in accordance with Article 55 of the Rules for Special Purposes Entities.
15. GERNRAL PROVISIONS 15.2 These By-Laws has been drafted and signed in Arabic and English. in case of conflict between the two versions, the Arabic version shall prevail. 15.3 These By-Laws have been signed in [insert number of copies in words] ([insert number of copies in numerals]) copies in Arabic and English.	15. GERNRAL PROVISIONS 15.2 These By-Laws has been drafted and signed in Arabic. In the event that an English version is prepared and a conflict arises between the two versions, the Arabic version shall prevail. 15.3 These By-Laws have been signed in [insert number of copies in words] ([insert number of copies in numerals]) copies [in Arabic or Arabic and English] .