



NEW REQUIREMENTS RELATING TO OWNERSHIP OF COMPANIES BY PUBLIC ENTITIES

Rules for handling public entities' requests to set up companies, participate in their establishment, or set up any investment or profit-making entity (the **"Rules"**)

Issued by COM resolution No (804) dated 16/09/1445H.



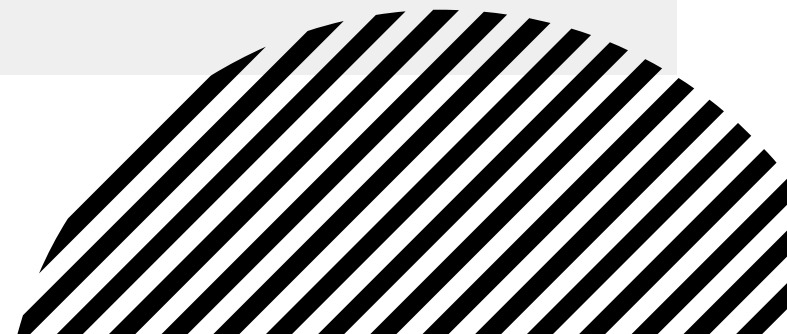


SCOPE OF APPLICATION

The Rules shall apply to all public entities that intend to:

- Set up a company or participate in its establishment,
- Own an existing company or purchase interests therein,
 - Establish an entity aiming at investment or profit, or
 - Amend the charter or bylaws of an affiliated entity to enable it to invest or generate profit (each an “**Action**”).

The Rules shall apply to all public entities - including those that have the power to set up companies or participate in their establishment - with limited exemptions granted to specific entities such as the National Center for Privatization, National Development Fund, and certain others.





FIRST REQUIREMENT

Public entities looking to undertake any of the Actions shall petition the Public Investment Fund (PIF) to consider implementing such Action through PIF.

Should the PIF deem such request unsuitable, the public entity may then refer its request, including the PIF's response thereto, to the Ministry of Finance (MoF).

MoF shall, together with the relevant public entity, consider the request, and should they fail to reach an agreement, then the concerned public entity may refer its request to the President of the Council of Ministers, explaining the need and justification behind such request and the responses of MoF and PIF thereon, for the President of the Council of Ministers to take a final decision.

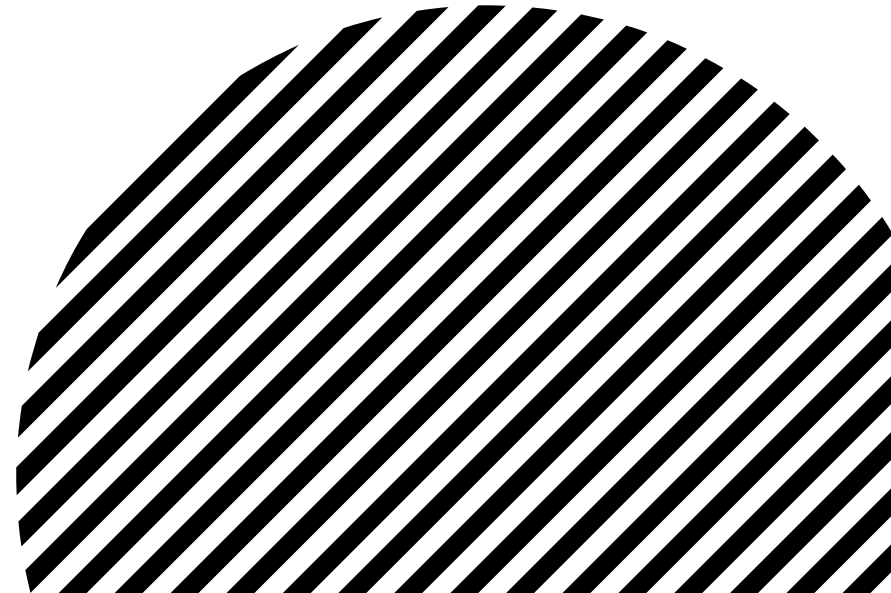


SECOND REQUIREMENT

Public entities shall identify:

1. Companies they set up or participated in establishing,
2. Companies they own or hold shares or interests therein,
3. Entities they have set up for investment or profit,
4. Companies or entities for which they have submitted requests for approval,
5. Suitable alternatives to address the ownership of such companies or interests or shares therein,
6. Suitable alternatives to deal with the entities, and
7. All necessary legal and financial information and data.

PIF will then consider and assess the status of these companies and entities, adopt a view relating to them, and determine the appropriateness of transferring any of them to PIF, or adopting the previously submitted entity's request for PIF's review and approval.





NEXT STEPS

The Minister of Finance, together with the Minister of Commerce, the Governor of PIF and the chairman of the Capital Market Authority, shall determine what is meant by “entity” referred to in the Rules.

A committee, set up under the chairmanship of the Minister of Finance and the membership of each of the Minister of Economy and Planning, the Minister of Commerce, CEDA’s Strategic Management Office, shall determine the rules for considering requests and subjects submitted to MoF in light of the Rules and set the governance of government owned companies to enhance their efficacy and increase their efficiency and performance.

