



Law of Systemically Important Financial Institutions



Chapter 1: Definitions

Article 1

1. In this Law, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Law: Law of Systemically Important Financial Institutions.

Implementing Regulations: Implementing regulations of the Law.

Competent Authority: The Saudi Central Bank or the Capital Market Authority, each with respect to financial institutions falling under its supervision.

Financial Institution: A financial institution supervised by the competent authority.

Systemically Important Financial Institution (SIFI): A financial institution designated by the competent authority as SIFI in accordance with Article 2 of this Law.

Foreign Branch: A branch of a non-Saudi financial institution supervised by the competent authority.

Holding Company: A financial or non-financial company controlling one or more subsidiary financial institutions.

Subsidiary: A financial or non-financial institution controlled by a financial institution.

Financial Group: A holding company and its subsidiaries, of which any is a financial institution.

Competent Judicial Authority: The commercial court with respect to financial institutions supervised by the Saudi Central Bank, and the committees for resolution of securities disputes with respect to financial institutions supervised by the Capital Market Authority.

Amendment of Rights: A measure taken by the competent authority to reduce or terminate the rights of creditors or holders of capital instruments, or convert them from one type or category to another.

Transferee: A person who purchases or receives any of the stocks, shares, assets, or liabilities of a SIFI under resolution in accordance with the provisions of this Law.



Transitional Entity: A company established by the competent authority to transfer all or part of the shares, stocks, assets, or liabilities of a financial institution or more under resolution in accordance with the provisions of this Law.

Asset Management Entity: An entity with a legal personality established by the competent authority to receive assets from a SIFI under resolution or a transitional entity.

Critical Activities: Services or acts provided by a financial institution, the suspension of which may lead to the disruption of services vital to the economy or damage financial stability.

Settlement Systems: Payment systems, cash settlement systems, securities settlement systems, deposit systems, and set-off systems.

Guarantee: An asset provided or agreed to be provided as security for a financial liability within a financial guarantee arrangement, or a financial guarantee arrangement by transfer of ownership.

Financial Guarantee Arrangements: Arrangements according to which the guarantor provides a guarantee to fulfill a financial liability, provided that it does not include the transfer of ownership of the guarantee to the obligee; this shall include pledges.

Financial Guarantee Arrangements by Transfer of Ownership: Arrangements by which the guarantor transfers the ownership of the guarantee to the obligee to guarantee the fulfilment of a financial liability; this shall include repurchase agreements.

Guaranteed Liability: Any financial liability secured by a guarantee.

Suspension: Suspending the right of any party, with the exception of the competent authority, to initiate or complete any procedure or action against a financial institution or its holding company or subsidiary.

Acceleration: Any arrangement which entails the maturity of a financial liability against a financial institution prior to the maturity date.

Termination: Any arrangement which grants the party engaged in dealings with the financial institution the right to terminate, suspend, reduce, or cancel the liabilities



thereof, or the closure, set-off or liquidation of financial positions prior to the maturity date.

Assets: Movable and immovable property, intellectual property rights and receivables, whether current or future, and any associated rights, as well as other assets with current or future financial value.

Capital Instrument: What constitutes part of the capital of a financial institution, whether in the form of securities or shares. This includes instruments which enable its holder to subscribe to capital instruments.

Owner: Any natural or legal person who owns any capital instrument.

2. The Implementing Regulations shall include definitions of other terms mentioned in this Law.

Chapter 2: General Provisions

Article 2

A financial institution shall be classified as SIFI pursuant to a decision by the competent authority based on criteria set thereby for institutions falling under its supervision, provided such criteria includes the size of the financial institution, interconnectedness and the complexity of its relations with local and foreign financial institutions, its modus operandi, and associated risks.

Article 3

The competent authority may take resolution procedures against any SIFI or its owners or creditors to achieve any of the following objectives:

1. Protect the financial system and the financial sector in the Kingdom, and avoid and limit the impact of substantial adverse effects on their stability.
2. Ensure the continuity of the critical activities of the SIFI under resolution.
3. Reduce dependence on government support by relying on the resources and revenues of the financial institution.



4. Protect deposits, client assets and funds, and rights arising from insurance policies.
5. Protect settlement systems and ensure their stability.

Article 4

This Law shall apply to financial institutions, holding companies, subsidiaries, foreign branches, and financial groups.

Article 5

The Implementing Regulations shall regulate the relationship between the Saudi Central Bank and the Capital Market Authority with regard to the implementation of the resolution procedures on a financial group the financial institutions of which are supervised by either the Saudi Central Bank or the Capital Market Authority.

Chapter 3: Recovery Plan and Resolution Plan

Recovery Plan

Article 6

1. The financial institution shall, within 180 days from the date of the request of the competent authority, prepare a recovery plan of the steps and procedures to be taken towards recovering its financial position upon exposure to fundamental changes with a negative impact.
2. If the financial institution is a holding company, it shall prepare a recovery plan for the financial group and a recovery plan for each subsidiary financial institution.
3. The recovery plan must include:
 - a) a summary of its key components and an indication of the financial institution's ability to recover;
 - b) a summary of the fundamental changes in the financial institution since the last recovery plan submitted to the competent authority;



- c) an outreach and disclosure plan to address any anticipated negative reaction from the markets as a result of the impact of the fundamental changes on the financial institution;
 - d) steps to recover capital and liquidity requirements, preserve the financial institution, and regain its financial position;
 - e) an estimation of the timeframe required to implement the primary components of the plan;
 - f) a detailed description of potential risks which may hinder implementation;
 - g) identification of the critical activities provided by the financial institution;
 - h) a detailed description of procedures for determining the market value of each activity in the financial institution as well as its operations and assets, and their potential to be marketed and sold;
 - i) arrangements and procedures to obtain liquidity, including identification of potential sources for liquidity and evaluation of the guarantees available for acquiring such liquidity;
 - j) arrangements and procedures for rescheduling and restructuring debts or for restructuring the institution activities and reducing any potential risks;
 - k) arrangements and procedures required to ensure the continued operation of settlement systems;
 - l) arrangements necessary for the sale of certain assets or activities of the financial institution in order to recover its financial position within an appropriate time; and
 - m) governance procedures of the plan, including identification of persons in charge of its preparation and implementation.
4. The competent authority may require the financial institution to include in its recovery plan quantitative and qualitative indicators reflecting the position of the financial institution, as well as the actions the institution may take with regards to each indicator in order to recover its financial position.



5. The competent authority may include in the Implementing Regulations additional rules and provisions governing the preparation and implementation of the plan.

Article 7

1. The financial institution shall, upon management approval, submit the recovery plan or any update thereto to the competent authority for approval.
2. The competent authority shall, within 90 days from receipt of the recovery plan, approve the plan or return it to the financial institution for amendment and resubmission within a specified period.
3. The financial institution shall update the recovery plan at the request of the competent authority within a period specified thereby.
4. The competent authority shall, upon requesting a recovery plan, take into account the importance of the financial institution, its size, interconnectedness and the complexity of its relations with local and foreign financial institutions, its modus operandi, and associated risks.

Resolution Plan

Article 8

1. The competent authority shall devise a resolution plan for each SIFI, which includes the resolution procedures to be taken upon the existence of the conditions referred to in Article 10 of this Law.
2. If the financial institution is a holding company, the competent authority shall devise a resolution plan for the financial group, and a resolution plan for each subsidiary financial institution.
3. In preparing the resolution plan, the competent authority shall identify significant obstacles which may hinder resolution procedures, and shall propose contingency plans.
4. In preparing the resolution plan, the competent authority shall take into account all potential crises and causes thereof, whether related to the SIFI or having an



impact thereon.

5. The resolution plan must include the following:
 - a) Identification of the main competent authority, where necessary, and any relevant entity the cooperation of which is required in addition to the identification of its tasks and powers.
 - b) A summary of the main components of the plan.
 - c) A summary of fundamental changes in the SIFI which took place after the drafting of the last resolution plan.
 - d) Clarification of the method of separating critical activities or any other major activities from other activities legally and economically to ensure the continuity of the SIFI operation.
 - e) An estimated timeframe for the implementation of each key component of the plan.
 - f) A detailed description of procedures for determining the market value of each SIFI activity, operations, and assets, as well as the feasibility thereof to be marketed and sold.
 - g) Description of how the resolution procedures are funded.
 - h) Description of alternative resolution procedures which may be implemented depending on the status and circumstances of the SIFI.
 - i) Description of the options available for the continuity of the SIFI as a member of the settlement systems, and an assessment of options for transferring client assets, deposits, funds, accounts, and insurance policies.
 - j) Analysis of the impact of the resolution plan on SIFI personnel, its cost, and available settlement options.
6. The competent authority shall share with the SIFI its vision of the main components of the resolution plan or its update in order to receive feedback from the SIFI within a specified period, provided that it is not less than 60 days.
7. The competent authority shall update the resolution plan as necessary.



8. The competent authority may include in the Implementing Regulations additional rules and provisions on the preparation and implementation of the resolution plan.

Article 9

1. The competent authority shall submit the resolution plan and any update thereto along with the SIFI's opinion, following its review in light of the SIFI's feedback, to the Council of Economic and Development Affairs for approval.
2. The Council of Economic and Development Affairs shall, within 60 days from receipt of the resolution plan or its update, decide to either approve the plan or return it with comments to the competent authority for resubmission within a period set by the Council.

Chapter 4: Resolution Procedures

General Provisions

Article 10

1. The SIFI must fulfil the following conditions for any resolution procedure:
 - a) The SIFI suffers or is likely to suffer a crisis that would threaten its existence and its ability to fulfil its obligations.
 - b) The SIFI experiences difficulty in fulfilling its obligations within an appropriate time, which threatens its existence if resolution procedures are not invoked.
 - c) The resolution procedures would achieve any of the objectives of the Law.
 - d) The resolution procedures would be a better alternative to dissolution of the SIFI.
2. For the purpose of implementing this Article, a crisis threatening the SIFI's existence and ability to fulfil its obligations shall include:
 - a) Lack of financial and administrative resources necessary to ensure financial adequacy, cash flow, risk management, or the management of the institution,



and achieve the standing obligations under the license that, if not available, would justify its revocation.

- b) The value of assets falls below the value of liabilities or is likely to fall in the near future.
- c) Inability or expected inability to settle its debts upon maturity.
- d) Need for exceptional government support.

Article 11

1. The SIFI shall notify the competent authority when it faces or expects to face a crisis.
2. Without prejudice to the support agreements between members of a financial group, the SIFI may not be granted support from any other member of its financial group if the SIFI is likely to face a crisis, except in the following cases:
 - a) The support received by the SIFI would prevent the crisis.
 - b) The support does not adversely affect the status of the supporting member or the financial group as a whole.
 - c) Obtaining the approval of the competent authority supervising the financial institution providing support.
 - d) The support provided to the financial institution is in the form of loans or loan guarantees, or assets to be used as collateral.
 - e) The decision to provide support is taken by the management of the institution providing support and the management of the SIFI receiving the support.
 - f) The support is provided in accordance with an agreement approved by voting shareholders of the institution providing support.

Article 12

1. Prior to deciding to impose resolution procedures on a SIFI, the competent authority shall conduct a preliminary assessment, either by itself or through an accredited valuer.



2. In the absence of any risk to the stability of the financial sector due to the SIFI experiencing a crisis, the competent authority may request the relevant agencies to initiate bankruptcy procedures.
3. If the competent authority decides to impose resolution procedures on the SIFI, it shall first assess the value of its assets and liabilities through an accredited valuer. If it is not possible to appoint a valuer within an appropriate time, the assessment shall be carried out by the competent authority.
4. The assessment referred to in paragraph (3) of this Article aims to:
 - a) ensure the existence of conditions for initiating the resolution procedures stipulated in Article 10 of this Law;
 - b) determine suitable resolution procedures;
 - c) identify capital instruments and debts to be reduced, terminated, or transformed for the amendment of rights; and
 - d) identify assets, liabilities, and capital instruments to be sold, and determine their value in case of sale of the SIFI or transitional entity.
5. The competent authority shall, in cooperation with the Saudi Authority for Accredited Valuers, issue rules for the assessments referred to in paragraphs (1) and (3) of this Article and Article 22(3) of this Law.

Article 13

1. The competent authority may take one or more of the following procedures on any SIFI and its holding company or a subsidiary financial institution upon the existence of all conditions referred to in Article 10 of this Law:
 - a) Sale of the SIFI.
 - b) Establishment of a transitional entity.
 - c) Separation of SIFI assets.
 - d) Amendment of rights of the SIFI.
2. The competent authority may take resolution measures on the holding company



or a subsidiary financial institution which does not qualify for resolution in cases where this is necessary to complete the resolution of the SIFI.

Article 14

1. If the competent authority decides to take resolution procedures on a SIFI, it shall first prepare an action plan to be approved by the Governor of the Saudi Central Bank or the Board of the Capital Market Authority, as the case may be, prior to implementing the resolution plan.
2. With the exception of urgent cases, if there is a need for the amendment of the action plan referred to in paragraph (1) of this Article or part thereof, the competent authority must obtain the approval of the Governor of the Saudi Central Bank or the Board of the Capital Market Authority in accordance with the aforementioned paragraph.
3. The competent authority may include in the action plan, referred to in paragraph (1) of this Article, procedures other than those in the resolution plan if it deems that they are consistent with this Law and achieve its objectives.

Article 15

In carrying out resolution procedures, the competent authority shall observe the following principles:

1. The losses incurred by the SIFI under resolution shall be borne by its owners and then by its creditors, taking into account the order of priority of their legal and contractual debts.
2. Accord the creditors of the SIFI subject to resolution a fair treatment to ensure that they will not receive a value less than the value they would receive if the SIFI is dissolved at the start of resolution procedures.
3. Mitigate the potential negative impact arising from resolution procedures on other financial institutions within the financial group or sector.
4. Avoid unnecessary depreciation of assets and reduce the cost of resolution procedures, as possible.



Sale of the SIFI Procedure

Article 16

1. The competent authority may sell all or part of the shares, stocks, assets, or liabilities of the SIFI under resolution, whether the sale occurs in one or multiple stages. The Implementing Regulations shall set the rules governing the sale procedures.
2. The sale referred to in paragraph (1) of this Article does not require the consent of the owners or creditors of the SIFI under resolution, or any other related party apart from the transferee.
3. The sale referred to in paragraph (1) of this Article shall be subject to the following:
 - a) The transferee shall be the successor of the SIFI under resolution to the extent of what is transferred thereto, and shall exercise all rights related to the transferred assets and liabilities.
 - b) The owners or creditors of the SIFI under resolution, or any other related party whose shares, stocks, or assets are not transferred, shall not be entitled to any right related to the transferred shares, stocks, assets, or liabilities.
 - c) The owners shall receive the value of sold capital instruments, while the value of the sold assets and liabilities shall be received by the SIFI under resolution.
4. The transferee must hold the license necessary for engaging in the activity transferred thereto, or be in the final stages of obtaining such license.

Establishment of a Transitional Entity Procedure

Article 17

1. To achieve the objectives of this Law, particularly the continuity of the critical activities of the SIFI under resolution, the competent authority may take the necessary actions to establish a transitional entity to which all or part of the shares, stocks, assets, or liabilities of the SIFI under resolution are transferred, whether in one or multiple stages, provided that the total value of transferred liabilities do not



- exceed the total value of transferred assets.
2. The transfer referred to in paragraph (1) of this Article shall be subject to Article 16(2) and (3) of this Law.
 3. The management of the transitional entity shall exercise due diligence and shall not be liable towards the SIFI under resolution, its owners, or creditors for any errors in the performance of its duties, with the exception of cases of gross negligence, fraud, or deception.
 4. The competent authority may include in the Implementing Regulations additional rules to regulate the transfer of stocks, shares, assets, or liabilities to the transitional entity, and regulate the transitional entity's activities, including the management and governance thereof.
 5. The competent authority shall take necessary actions to sell the transitional entity in accordance with the Implementing Regulations.
 6. Subject to causes of termination stipulated in the Companies Law, the transitional entity shall terminate in any of the following cases:
 - a) Merger with another entity.
 - b) The sale of all or a significant portion of its assets; in which case the termination shall be decided by the competent authority.
 - c) The lapse of two years from the last transfer by a SIFI of shares, stocks, assets, or liabilities thereto. The competent authority may extend this period, provided that each extension is reasoned and does not exceed one year.
 - d) Dissolution prior to the expiry of the period stipulated under paragraph (c) of this Article.

Termination of a transitional entity shall entail its liquidation.

Separation of Assets Procedure

Article 18

1. The competent authority may take necessary actions to establish an asset



- management entity to which assets or liabilities of a SIFI under resolution or a transitional entity are transferred, provided that this procedure is only carried out in conjunction with another resolution procedure.
2. Application of the procedure referred to in paragraph (1) of this Article shall be meant to achieve any of the following:
 - a) Appreciation of assets to obtain a greater return upon their sale or liquidation.
 - b) Ensuring the existence of the SIFI under resolution or the transitional entity.
 - c) Avoiding damage to the market as a result of liquidating such assets.
 3. The asset management entity may pay for such assets or liabilities by issuing securities, at the value determined in accordance with Article 12(3) of this Law.
 4. The transfer referred to in paragraph (1) of this Article shall be subject to Article 16(2) and (3) of this Law.
 5. The management of the asset management entity shall work towards appreciation and sale of transferred assets and liquidation of the entity.
 6. The management of the asset management entity shall exercise due diligence and shall not be liable towards the SIFI under resolution, its owners, or creditors for any errors in the performance of its duties, with the exception of cases of gross negligence, fraud, or deception.
 7. The competent authority may include in the Implementing Regulations additional rules to regulate the separation of assets and the work of the asset management entity, including management, governance, and liquidation.

Amendment of Rights Procedure

Article 19

1. The competent authority may conduct the amendment of rights procedure on the SIFI under resolution by amending the rights of its creditors and capital instrument holders to the extent that enables the institution to recover its status and fulfill statutory requirements.



2. The competent authority may amend the rights of creditors and capital instrument holders in the SIFI under resolution prior to the sale of any of its shares, stocks, assets, or liabilities, or the transfer thereof to the transitional entity, the transferee, or the asset management entity.
3. When converting the debts of the SIFI under resolution to capital instruments, the competent authority shall take into account the priority of the debts in its conversion rates, in accordance with the Implementing Regulations.
4. The holder of the reduced capital instrument shall not be entitled to any amount or compensation, unless the maturity of such amount or compensation occurs prior to the reduction.
5. The Implementing Regulations shall regulate the handling of derivatives to which the SIFI under resolution is party.

Article 20

The competent authority may not amend any of the following rights and liabilities:

1. Deposits, as determined by the competent authority.
2. Insurance policies.
3. Guaranteed liabilities, except where the value of the guarantee exceeds the value of the liability.
4. Client assets and funds, as determined by the competent authority.
5. Consignments.
6. Any liability due in less than seven days, except for liabilities owed to an institution within the same financial group.
7. Any due liability resulting from subscription to settlement systems.
8. Dues of employees of the SIFI under resolution, except for performance bonuses.
9. Liabilities arising from the import of goods and services essential to the daily operations of the SIFI under resolution, including e-services, utility bills, rent, maintenance services, and the like, except for liabilities owed to institutions within



the same financial group.

10. Zakat and social security dues.
11. Resolution funds dues.
12. Rights and liabilities which the competent authority considers, when implementing the amendment of rights procedure, important to be excluded entirely or partially from the amendment, to establish financial stability, ensure continuity of the critical activities of the SIFI under resolution, or maintain the value of such liabilities, if the amendment thereof would affect the rights of other creditors more than the exclusion thereof from amendment.

Article 21

1. The SIFI subject to the amendment of rights procedure shall, within 30 days from the conclusion of the procedure, submit to the competent authority an action plan which includes the following:
 - a) A detailed account of the factors leading to the crisis.
 - b) A description of the procedures to be taken to achieve recovery in the long term.
 - c) A timeframe to implement such procedures.
2. The competent authority shall, within 30 days from receipt of the plan, decide whether to approve the plan or notify the SIFI of required amendments. The SIFI shall amend the plan and resubmit the same to the competent authority within 14 days.
3. Semi-annual progress reports on the implementation of the plan shall be submitted by the SIFI or at the request of the competent authority.
4. The competent authority may include in the Implementing Regulations additional rules and provisions governing the preparation of the action plan.



Chapter 5: Protection of Rights

Article 22

The resolution procedures referred to in this Law shall be applied as follows:

1. If the SIFI or the transitional entity is to be sold, the amount received by the owners and creditors, whose assets or liabilities are not transferred, shall not fall below what they would have received had the SIFI been liquidated at the start of the procedure.
2. When the amendment of rights procedure is taken, the losses sustained by the owners and creditors whose rights have been amended may not exceed the losses they would have sustained had the SIFI been liquidated at the start of the procedure.
3. In order to determine the rights of owners and creditors, as set forth in paragraphs (1) and (2) of this Article, the competent authority shall take any action necessary to assess the SIFI through an accredited valuer after implementing resolution procedures. The assessment stated herein shall aim to:
 - a) determine the amounts the owners and creditors would have received had the SIFI been liquidated at the start of procedures;
 - b) state the amounts received by the owners and creditors from resolution procedures; and
 - c) determine the difference between what they have received in accordance with subparagraph (b) of this paragraph, and what they would have received in accordance with subparagraph (a) of this paragraph, and they shall be compensated for the difference by the resolution funds and the competent authority.

Article 23

1. The following rights and arrangements shall be protected when implementing the resolution procedures stipulated under this Law:



- a) Guaranteed liabilities.
 - b) Settlement and set-off arrangements.
 - c) Securitization arrangements.
 - d) Liabilities arising from subscription to settlement systems.
2. The rights and liabilities referred to in paragraph (1) of this Article shall be protected as follows:
- a) Prohibiting the transfer of a guarantee without the transfer of the related guaranteed liability, and vice versa.
 - b) Prohibiting the transfer of part of the guarantees or liabilities subject to the financial guarantee measures by the transfer of ownership and set-off arrangements.
 - c) Prohibiting the partial transfer of assets or liabilities arising from securitization arrangements.
 - d) Prohibiting the amendment, cancellation, or reduction of the arrangements stipulated under paragraph (1) of this Article, including any procedure that would render these arrangements inexecutable.
 - e) Prohibiting any procedure that would hinder the implementation of settlement system contracts, or the rules stipulated therein, and render them inexecutable.

Chapter 6: Powers of the Competent Authority

Article 24

To carry out resolution procedures, the competent authority shall have the powers to:

1. demand any person to provide any information or documents relevant to the implementation of this Law;
2. assume the powers of the owners and management of the SIFI under resolution, including dismissal of the management and appointment of a new management, and take necessary actions to file a liability claim against the management;



3. sell and transfer any of the capital instruments or securities of the SIFI under resolution, and order any entity or person to amend relevant records;
4. reduce the nominal value of the capital instruments issued by the SIFI under resolution, subject to the provisions on determining nominal values provided for in the Companies Law;
5. order the SIFI under resolution or its holding company to issue capital instruments;
6. amend the maturity date or the amount of the liabilities of the SIFI under resolution, with the exception of guaranteed liabilities;
7. close the financial positions of the SIFI under resolution and terminate its financial contracts and derivative contracts; the Implementing Regulations shall determine the positions and contracts indicated in this paragraph;
8. demand the suspension of the trade of any security or its delisting, or demand the re-listing and trade of debt instruments after their depreciation;
9. suspend the right to terminate or expedite any liability to which the SIFI under resolution is party, including liabilities which have been sold or transferred to the transferee or the transitional entity, provided that the suspension of the rights related to guaranteed liabilities does not exceed two business days, with the exception of the guaranteed liabilities arising from subscriptions to settlement systems; and
10. order any party to continue with the implementation of contracts to which the subsidiary institution of the SIFI under resolution is party, where the contractual liabilities of the subsidiary institution are guaranteed or supported by the SIFI, regardless of any contractual right to termination, liquidation, or expedition.

Article 25

1. The competent authority shall initiate resolution procedures in accordance with the provisions of the Law, without the need to satisfy any other statutory or procedural requirements.
2. The competent authority may appoint a natural or legal person as an administrator



for the resolution procedures, in accordance with criteria set thereby, to replace the management of the SIFI under resolution. The competent authority shall determine his remuneration and its source, and may also grant him all the powers necessary to manage the SIFI. The administrator shall exercise due diligence and shall not be held liable for any damage arising from his actions, unless the damage is a result of bad faith, willful misconduct, gross negligence, fraud, or deception.

Article 26

The competent authority may determine the method for executing new financing contracts concluded by the SIFI under resolution, including the execution of the following:

1. The obligation to pay or deliver, or the obligation to receive or accept payment.
2. Termination or expedition.
3. Set-off or payment of agreed settlement.
4. Identification of cases where sham or fraudulent transactions which precede the SIFI crisis are terminated.
5. Enforcement of guarantees.

Article 27

1. It shall not be permissible to register a request for initiating bankruptcy procedures or a judicial filing of a SIFI without the approval of the competent authority, which shall either accept or reject the request within 90 days; such period may be extended by the authority.
2. The lapse of the period indicated in paragraph (1) of this Article without a decision being rendered by the competent authority shall be deemed an approval.
3. Subject to the provisions of paragraph (4) of this Article, if the competent authority refuses to initiate bankruptcy procedures for the SIFI, it shall initiate resolution procedures if the conditions stipulated in Article 10 of this Law are met.
4. If any bankruptcy procedure is initiated for the SIFI and the competent authority



decides to subject the SIFI to resolution procedures, it shall submit a request to terminate the initiated bankruptcy procedure and obtain a final ruling prior to commencing the resolution procedures.

5. Any judicial proceeding for the SIFI under resolution shall be suspended, and may not be resumed except after the resolution procedures are completed or upon the consent of the competent authority.

Chapter 7: Transboundary Resolution Procedures

Article 28

1. The competent authority may conclude international agreements with their foreign counterparts regarding the development and execution of transboundary resolution plans, in accordance with statutory procedures.
2. If the resolution procedure requires actions to be taken regarding assets or liabilities subject to the jurisdiction of another state, the competent authority may order the concerned party to undertake any of the following:
 - a) Take necessary actions to complete the sale or transfer.
 - b) Safeguard related assets for the benefit of the transferee, the transitional entity, or the asset management entity pending the completion of the sale or transfer in the manner determined by the competent authority.
 - c) Satisfy relevant obligations on behalf of the transferee, the transitional entity, or the asset management entity pending the completion of the sale or transfer in the manner determined by the competent authority.

The competent authority may order the SIFI under resolution to bear the costs of sale or transfer procedures.

Article 29

Subject to relevant international agreements and conventions to which the Kingdom is party, the competent authority may apply resolution procedures to any foreign



branch of a foreign financial institution, even if the relevant foreign regulatory authority does not apply any resolution procedure to the parent institution.

Article 30

1. The foreign branch shall notify the competent authority when the parent financial institution is subject to resolution procedures.
2. Without prejudice to relevant international agreements and conventions to which the Kingdom is party, the competent authority may, upon its knowledge that the foreign branch is subject to resolution procedures, accept or reject wholly or partially such procedures to achieve the objectives of this Law.
3. Acknowledgement of resolution procedures taken by a foreign competent authority against a foreign branch shall not prejudice the provisions of the Bankruptcy Law in applicable cases.
4. Without prejudice to the principle of reciprocity, the competent authority may cooperate with foreign counterparts regarding the impact of initiating resolution procedures on a foreign SIFI in other countries.

Chapter 8: Resolution Funds

Article 31

The competent authority may, in order to finance resolution procedures and cover associated costs, establish funds the contribution to which is made by SIFIs. Such funds, including its purposes, amounts and manner of submission of preliminary and subsequent contributions, manner of collection, manner of disbursement, and reporting thereon shall be according to rules approved by the Council of Economic and Development Affairs upon the recommendation of the competent authority.



Chapter 9: Penalties and Appeals

Article 32

1. Without prejudice to any harsher penalty stipulated in any other law, the competent authority shall impose on any financial institution a fine not exceeding 2% of its capital if any of the following violations are committed:
 - a) Failure to prepare or update a recovery plan in cases requiring such measures.
 - b) Failure to cooperate with the competent authority to prepare or implement the resolution plan, or hindering the implementation of any part thereof.
 - c) Failure of the SIFI to notify the competent authority of an actual or potential crisis.
 - d) Provision of support by the financial institution to a sister financial institution in violation of Article 11(2) of this Law.
 - e) Failure to provide information or documents requested by the competent authority for the purpose of implementing this Law.
 - f) Failure to comply with the orders of the competent authority issued in accordance with this Law regarding foreign assets and liabilities without acceptable justification.
2. The competent authority shall impose on a foreign branch a fine not exceeding five million riyals if it violates Article 30(1) of this Law.
3. The competent authority may impose the penalties stipulated in paragraphs (1) and (2) of this Article on any member of the management team of the financial institution or the foreign branch who has caused or contributed to the violations referred to in paragraphs (1) and (2) of this Article.
4. The competent authority shall, when imposing the penalties stipulated in this Article, take into account the size of the financial institution and the gravity and impact of the violation.
5. An aggrieved party may file an appeal before the competent court within 30 days



from notification of the penalty decision.

Article 33

A party with interest may appeal before the competent court against decisions and procedures taken by the competent authority in accordance with the provisions of this Law. The competent court may compensate the aggrieved party or rule to remedy the damage by any means, provided that:

1. the appeal does not entail stay of execution of the relevant decision or the procedure;
2. the annulment of the decision or the procedure is premised on lack of jurisdiction, a fault in the form or the cause, a violation of the provisions of this Law, an error in the characterization or interpretation of the violation, or an abuse of power; the ruling shall be limited to compensation if an annulment ruling would prejudice the rights of *bona fide* third parties to whom assets or liabilities of the SIFI under resolution are transferred; and
3. compensation claims are not heard after the lapse of five years from the date of knowledge of the procedure or the date of issuance of the decision subject of the claim.

Chapter 10: Final Provisions

Article 34

1. A person who becomes privy to any information during the implementation of this Law or due to carrying out any action related thereto may not disclose such information to a third party, even after completion of resolution procedures or end of work relationship.
2. The confidentiality provision in paragraph (1) of this Article shall not include exchange of information among the competent authority employees, potential buyers, or professional advisors the competent authority appoints or approves



their appointment, as well as the exchange of such information with relevant authorities in the Kingdom or foreign authorities concerned with resolution procedures, provided the exchange is for the purpose of implementing the resolution procedures or this Law.

3. The competent authority may allow unauthorized persons to disclose and exchange information in cases pertaining to the implementation of resolution procedures or to ensuring the financial stability of the Kingdom or of another state, provided the disclosure or exchange of information is subject to confidentiality requirements and to the extent required by such cases.
4. The competent authority shall impose on violators of this Article a fine not exceeding five hundred thousand riyals, and the aggrieved party may appeal the penalty decision in accordance with Article 32(5) of this Law.

Article 35

An employee of the competent authority or any person assigned thereby shall not be liable for any resolution procedure he takes except in cases of willful misconduct, gross negligence, or bad faith.

Article 36

Without prejudice to the jurisdiction of relevant authorities, employees designated pursuant to a decision by the competent authority shall detect and report violations of this Law as well as its Implementing Regulations and decisions and rules issued in implementation thereof. The Implementing Regulations shall determine their powers and work procedures.

Article 37

The Implementing Regulations of this Law shall be drafted by the Saudi Central Bank and the Capital Market Authority and shall be issued pursuant to a decision by the Council of Ministers.



Article 38

This Law shall enter into force 180 days following the date of its publication in the Official Gazette.

