

Instructions for Approval on Establishing Waqf Investment Funds

Table of Contents

Article (1) Definitions

Article (2) Objective

Article (3) General Provisions

- Article (3-1)
- Article (3-2)
- Article (3-3)

Article (4) Approval Requirements

- Article (4-1)
- Article (4-2)

Article (5) Fund Approval Withdrawal

Article (6) Waqf Givers Assembly Meetings

Article (7) Disclosures

Article (8) Devolution of Waqf Assets upon Fund Termination

- Article (8-1)
- Article (8-2)
- Article (8-3)

Article (9) Publication and Entry into Force

Article (1) Definitions

The following terms and expressions, wherever they may occur in the present Instructions, shall have the meanings respectively indicated below, unless the context requires otherwise:

- Authority: General Authority of Awqaf.
- Instructions: Instructions for Approval on Establishing Waqf Investment Funds.
- Fund: Waqf investment fund which has all its units endowed.
- Waqf Giver: Creator of Waqf.
- Trustee: Fund Board of Directors.
- Beneficiary: One or more non-profit entity licensed in the KSA.
- Fund Manager: Person licensed by the Capital Markets Authority.
- Regulation: Regulation on Investment Funds issued by Capital Markets Authority.

Article (2) Objective

The purpose of these Instructions is to regulate the issuance of Authority approval of Fund establishment requests, in order to meet community needs by investing Fund's Waqf units.

Article (3) General Provisions

Article (3-1)

The Fund shall be subject to these Instructions and any regulations issued by the Authority, as well as relevant Regulations issued by the Capital Markets Authority.

Article (3-2)

The Authority may impose financial compensations on the Fund Manager at its own discretion.

Article (3-3)

Without prejudice to the requirements of the Regulation, Waqf Funds may be merged only after obtaining the Authority's approval.

Article (4) Approval Requirements

Article (4-1)

Upon establishing the Fund, the Fund Manager shall submit an approval request to the Authority, including the Memorandum of Understanding signed between the Fund Manager and Beneficiary, as well as the draft terms & conditions, before submitting a Fund establishment request to the Capital Markets Authority. The draft shall include the following:

1. Fund objectives.
2. Assertive written, executed, and perpetual wording of subscription of the Waqf.
3. Indication of the Waqf creation at Fund launch and operation.
4. Identification of Beneficiary, summary of its background and activities and its licensing statement.
5. Outlining the entity to which endowed units devolve in case of Fund liquidation or termination.
6. Dividends policy, provided that dividends given to Beneficiary are no less than (50%) of net Fund distributable profits -if any-.
7. Waqf Giver's delegation of all his powers and rights stipulated in these Instructions to the Trustee in the event of the former's death or loss of legitimate competence.
8. Any other information required by the Authority.

Article (4-2)

The Fund Manager shall obtain the Authority's approval before making any changes regarding the requirements stipulated in Article (4-1).

Article (5) Fund Approval Withdrawal

The Authority may issue the decision to withdraw or suspend its approval in any of the following cases:

1. If the Fund Manager fails fundamentally, at the Authority's discretion, to comply with Instructions.
2. Based on the request of the Beneficiary.
3. Any other fundamental cause at the Authority's discretion.

Article (6) Waqf Givers Assembly Meetings

Provisions regulating unitholders meetings shall be applicable to meetings of Waqf Givers.

Article (7) Disclosures

Without prejudice to the provisions of the Regulation, the Fund Manager shall:

1. Submit all initial and annual reports issued by the Fund to the Authority within 5 days of being requested.
2. Submit to the Authority a statement of offering results within (10) days from the offering term expiry.
3. Specify date of Fund units' suspension in unitholders register.

Article (8) Devolution of Waqf Assets upon Fund Termination

Article (8-1)

Without prejudice to the Waqf nature of the Fund and the laws, regulations and instructions applicable to the Fund, the Fund Manager shall notify the Authority of his desire to terminate the Fund, outlining the causes for such termination.



Article (8-2)

The Fund shall be terminated upon obtaining the necessary legal approvals, including the Authority's approval.

Article (8-3)

Fund assets after its liquidation shall devolve in accordance with the terms & conditions of the Fund. Failing that, the Authority may at its own discretion, transfer the assets to another Beneficiary in a manner consistent with the Waqf Giver's terms.

Article (9) Publication and Entry into Force

These Instructions shall enter into force from the date of their adoption.



أوقاف
الهيئة العامة للأوقاف
GENERAL AUTHORITY FOR AWQAF

