

Implementing Regulations
For
Credit Information Law
Promulgated by
Royal Decree No. M/37, dated 05/07/1429H

Note: This is just a translation of the Arabic source Implanting Regulations for guidance purposes only and not to be used as an official citation. Any differences and/or discrepancies shall be verified with Arabic Version.

Table of Contents

Definitions

Licenses

Scope of Credit Information Services

Governance

Credit Record

Regulatory Requirements

Confidentiality

Members Obligations

Consumer's Rights

Disputes & Complaints

Violations Review and Credit Information Dispute Settlement Committee

Enforcement and Publication

Implementing Regulations for the Credit Information Law

Definitions

Article (1)

The following words and expressions, wherever they occur in these Implementing Regulations, shall have the meanings given opposite to them unless otherwise required by the context.

The Law: The Credit Information Law promulgated by Royal decree No. M/37, dated 5/7/1429H.

Implementing Regulations : By-Laws of the Credit Information Law.

SAMA: Saudi Arabian Monetary Agency (SAMA).

Governor: Governor of Saudi Arabian Monetary Agency.

Credit Information: Information and data on the consumer related to his credit dealings such as loans, installment purchases, lease, credit sales, credit cards, credit-like insurance services and whether he is complying with the payment conditions or not.

Companies: credit information companies licensed to collect and maintain credit information on consumers, and provide members with such information upon their request.

Member: The governmental or private organization engaged in a contract to exchange credit information with at least one credit information company.

Consumer: A natural or judicial person who has credit dealings.

Credit Record: A report issued by companies containing credit information on the consumer.

Public Records: Credit information records maintained by government authorities such as records of funds and banks that offer government loans as well as judicial authorities, government committees, bankruptcy and insolvency files and the like.

Negative Information: Any information that may adversely affect the assessment of the consumer's credit record, such as, but not limited to, delay of due payments, bankruptcy, insolvency, delayed Zakat and tax obligations and delayed settlement of utility bills.

Negative Resolution: Any resolutions taken by a member that may adversely affect the consumer's interest based on his/her credit report

Committee: Violations Review The Credit Information Dispute Settlement Committee.

Licenses

Article (2)

A judicial or natural person may not provide credit information services before obtaining a license from SAMA pursuant to the Law and the Implementing Regulations.

Article (3)

To obtain a license to provide credit information services, entities must meet the following conditions:

- 1- Must be a joint stock company with its head office in the Kingdom of Saudi Arabia.
- 2- Its paid up capital may not be less than SR50 million.
- 3- Its Article of Association and by-laws must be approved by SAMA.
- 4- Its automatic system used in provision of its credit information services must be approved by SAMA.
- 5- Must have competent human resources as well as sufficient financial and operational resources to provide services efficiently in accordance with the Law and Implementing Regulations ,.

- 6- Shall undertake to comply with the regulations and Code of Conduct adopted by SAMA.

Article (4)

Company founders who are willing to provide credit information services must complete the licensing application form and submit it with the following:

- 1- A statement of the founders' names, addresses, and percentage in share capital of each founding shareholder.
- 2- Company's Article of Incorporation and By-Laws.
- 3- A bank certificate from a licensed bank in the Kingdom indicating that the paid up capital has been placed in full.
- 4- A copy of the national I.D. or commercial registration of the founding shareholders.
- 5- Description of the automatic system that will be used to collect and store credit information of consumers including system properties and information confidentiality assurance.
- 6- An economical feasibility study.
- 7- The company's business plan for the first 3 years after incorporation, including the nature of works the company intends to provide, future expansion plan, projected financial statements, estimated growth rates, annual costs based the expected growth rates, expected pre-operating expenses, anticipated number of employees, corporate governance, internal controls to be implemented by the company, and any other information that may be required by SAMA.
- 8- Company's organization structure.
- 9- The fees required for reviewing the licensing application, i.e. SR 50,000.
- 10- A declaration not to conduct any other business other than the purposes indicated in the company's article of association, without referring to SAMA.

Article (5)

SAMA will give its decision to approve or reject the licensing application once the company has fulfilled all required information and documents. The applicant shall complete all deficiencies in its application and furnish SAMA with any required information within a month from the date of notification of such requirements, otherwise, its application will be revoked.

Article (6)

The license applicant shall finalize the incorporation procedures according to the Companies Regulations, including commercial registration. The Governor's decision to grant the license will be issued thereafter. Nevertheless, the company must not in any case provide its services prior to issuance of the Governor's decision; otherwise the application procedures will be revoked.

Article (7)

The license term is five years, renewable according to the conditions and procedures valid upon such a renewal. SAMA will obtain a one-time off fee upon issuance of the license amounting to 1% of the company's paid up capital, and another fee amounting to 0.5% of the company's paid up capital upon renewal of the license. Renewal application shall be submitted at least 6 months prior to the license expiry date.

Article (8)

The license shall terminate:

- 1- Automatically upon its expiry date, if not renewed.
- 2- Dissolution of the company for any cause stipulated in the Companies Regulations.
- 3- A Resolution of company's cancelation.
- 4- Failure of the company to conduct business within 12 months from the issuance date of the license without justifications acceptable to SAMA.

Article (9)

The Company shall obtain SAMA's consent before:

- 1- Opening a branch or an office, or establishing a subsidiary inside or outside the Kingdom of Saudi Arabia.
- 2- Entering into a merger or acquisition deal / transaction with another entity.
- 3- Effecting any change on its articles of incorporation or by-laws.

Article (10)

Having identified and investigated a violation, SAMA may take the following actions:

- 1- Notify the company in writing with any error, deficiency, or negligence from its side, and that its license will be suspended or revoked unless the company treated the reasons, at least provides SAMA with an acceptable plan to remedy the situation within thirty (30) working days of the notification date.
- 2- Proceed with taking a decision to request a temporary suspension or termination of the license should the company fails to comply with the above paragraph, and the company shall be advised in writing accordingly.
- 3- Instruct the company to whom the suspension or termination decision has been issued that it must, upon its notification with such a decision, inform all relevant parties with the committee's decision.

Article (11)

With due consideration to the Implementing Regulations , the company must inform SAMA with any change or modification to the information provided to SAMA before licensing, within three working days of effecting such a change or modification.

Scope of Credit Information Services

Article (12)

The company may provide any or all of the following services after obtaining the approval of SAMA:

1. Receive consumers' information from all members, collate, store and exchange such information with members and companies.
2. Provide enquiry service on individuals & businesses.
3. Provide consumers with scores.
4. Provide value-added services relating to the companies core products.
5. Provide information support advisory services.
6. Conduct market surveys and researches relating to credit information.

Companies must obtain SAMA's prior consent on providing any other services.

Governance

Article (13)

Board members and senior managements of companies must enjoy suitable competencies and experiences that qualify them for their jobs.

Article (14)

SAMA's Fit & Proper Criteria shall apply to all company founders, chairman and members of the board of directors and executive management. They shall complete the suitability

questionnaire issued by SAMA and provide all forms and requirements specified in the criteria to obtain the "No Objection" for their appointment.

Article (15)

A Nominee for membership in the company's board of directors must meet the following conditions:

- 1- He shall not be a board member of any other credit information company inside or outside Saudi Arabia.
- 2- He shall not be convicted by any court with regard to any crime relating to honesty unless he was rehabilitated.
- 3- Has never declared bankruptcy or insolvency.
- 4- He shall not be an employee at any other credit information company or an auditor of its accounts.
- 5- He has never been terminated from employment in a disciplinary action.
- 6- He shall not pose any conflict of interest due to his membership at the company's Board of Directors or the Board of any other company that conducts a different business.
- 7- His credit record shall be free of any negative information.

Credit Record

Article (16)

The credit record shall contain all or some of the information that relates to assessment of the consumer's credit worthiness, such as:

- 1- Natural consumer's name, I.D number, place of residency, current and previous work location, marital status, educational qualifications, personal data.

- 2- Juridical consumer's name, commercial registration number, address, and any other relevant information.
- 3- Any delinquent credit accounts which the consumer failed to settle timely as well as the requests he received from his creditors to pay, and whether such payments were made or written off.
- 4- Actions of credit type that were instituted against him and judgments made thereto.
- 5- Any insolvency, bankruptcy or liquidation claims instituted against the consumer and judgments taken in this regard, name of liquidator or trustee of bankruptcy, assets or debt amounts, payment dates and liquidation charges and expenses.
- 6- Any bouncing checks issued by the consumer, their values and dates, and actions taken toward them.
- 7- Claims issued from official/competent authorities that he failed to settle.
- 8- Number and names of members who applied for the consumer's credit record during the past 2 years preceding the issuance date of the credit record, number of issued credit records and results thereof.
- 9- Any other information of credit nature that may affect the credit worthiness of the consumer.

SAMA shall have the right to add to, delete from, or modify the above required information as it deems fit.

Article (17)

Companies shall not have the right to maintain the negative information in the consumer's credit record for more than 5 years from the debt or dispute settlement date, except the cases of bankruptcy, insolvency and delayed Zakat or tax obligations which shall be maintained in the record for 10 years. Outstanding judicial cases shall be maintained in the credit record until settlement.

Article (18)

The company may, at the request of the member, include in the consumer's credit record credit information relating to a joint venture/ partnership with other partners at their consent.

Regulatory Requirements

Article (19)

SAMA may undertake random or routine audits through its auditors or by external auditors on companies' accounts and records. Employees of the audited company must cooperate with the auditors and provide them with all required information.

Article (20)

- 1 Companies shall provide SAMA with the following data:
 - (a) Quarterly financial statements within a month from the end of the relevant quarter, and audited year-end financial statements within 2 months from the end of the relevant fiscal year.
 - (b) Assessment of efficiency with regards to computer systems used by the company, including the computer system used in collecting and maintaining data, providing such assessment shall be conducted at least once a year by recognized professional firms.
- 2 SAMA may request any other data or information at all times as it may deem fit.

Article (21)

Companies shall be obliged to sign membership agreements with any party that wishes to obtain credit information, and provide such parties with credit records on the consumer. Such agreements shall indicate rights and obligations of the parties. That party will be designated after signing the agreement as a "member".

Article (22)

Credit information shall be reciprocated among companies that are governed by the Law and its Implementing Regulations according to bi-lateral or multi-lateral agreements or contracts to be entered between such companies specifying the parties' rights and obligations, types of exchanged information, documents to be provided with regard to such information, validity of such agreements or contracts, method of extension or renewal, and financial charges to be paid.

Article (23)

Companies shall prepare regular records containing consumers' names and their characteristics whether natural or judicial, their addresses and work locations, nature of their businesses and their credit information.

Article (24)

Companies shall prepare regular records containing the names of members and companies they are transacting with, whether they are sources of information or other companies governed by the Law and its Implementing Regulations , and the agreements and contracts ratified with each of them as well as their periods and conditions.

Article (25)

Companies shall take all necessary measures and precautions to ensure safety, validity, accuracy and integrity of information obtained according to the Law and its Implementing Regulations .

Companies shall comply with the Following:

- 1- No information shall be collected from any party or source prior to signing a membership agreement with that party.
- 2- No credit information shall be gathered from members unless such action is in compliance with defined criteria of to company, that include administrative, technical and legal requirements and comply with SAMA's approved Code of Conduct.

- 3- Take the necessary actions to ensure that there are reasons for requesting information by the member.
- 4- Inform the member with his obligations according to the Law and Implementing Regulations .

The company shall not be relieved of its liability toward the provided information and data unless it provides a valid evidence of the member's deception and misrepresentation of false information. Otherwise, the company shall be held totally responsible toward parties transacting with it, i.e. public and private institutions/ agencies, companies and consumers, for any invalid or false information and data provided by it. However, this will not waive the company's rights of recourse against that member for any indemnities it was obliged to pay and damages it sustained.

Article (26)

Companies shall establish data and information security protection controls for the information that they may have or obtain:

- 1- Record, maintain, reconcile, collate, collect, treat and classify information in a proper and accurate manner to streamline reference to such information.
- 2- Protect information from loss including adoption of adequate backup systems, and development of contingency recovery plans as well as business continuity plans.
- 3- Protect information from illegal / unauthorized access, usage, modification, or disclosure in violation of the Law and Implementing Regulations.
- 4- Establish controls and procedures applicable upon members' request to access and view credit records.
- 5- Review the company employees' password controls on periodic basis.
- 6- Review, regularly, usage patterns of information systems to detect and investigate any abnormal or excessive patterns/ trends.

- 7- Maintain records for all access, modification and audit cases of database including previous enquiry records, as well as all incident records that imply confirmed or suspected violations or abnormalities.
- 8- Provide sufficient knowledge to the authorized member representatives relating to the international and best security practices relating to the Code of Conduct.

Article (27)

Prior to the issuance of any credit records, the company shall:

- 1- Verify the identity of the applicant and purpose of such a request.
- 2- Obtain the member's undertaking that the information will not be used except for the reasons specified in the application.
- 3- Ensure accuracy, completeness and currency of the information it provides.

Article (28)

With due consideration to these Implementing Regulations , the company may not issue any credit record on a consumer, except in the following situations:

- 1- Based on the member's request and consent of the enquired consumer.
- 2- Based on a request from a competent dispute settlement authority.
- 3- Based on SAMA's request.
- 4- Based on consumer's request.

Article (29)

Companies shall procure an insurance policy from an authorized insurance provider in the Kingdom to cover its liabilities against failure, negligence and errors in provision of credit information services.

Article (30)

The company may not sell or assign its databases except for another licensed credit information company, and after a prior written approval of SAMA. Upon dissolution/termination of the company for any cause, its databases will go for an organization designated by SAMA.

Article (31)

Companies shall obtain SAMA's prior written approval on their pricing policies for the provided services that are governed by the Law and its Implementing Regulations, except as stipulated in Article (43) thereof.

Article (32)

With due consideration to Article 12 of the Implementing Regulations , companies will collect credit information on consumers from all available sources such as public records as well as any financial institution whose nature of work imply providing credit, e.g. banks installment sale companies, credit card companies, collection companies, telecommunication companies, consumers current and previous work locations, chambers of commerce and industry, and other related organizations and sources.

Article (33)

Companies governed by the Law and its Implementing Regulations shall develop a procedural manual to address consumer's complaints and publish such a manual after obtaining SAMA's approval. The Manual shall include complaints settlement procedures, including:

- 1- Acquaint every employee who gets in touch with clients with such procedures.
- 2- Investigation of complaints completely and timely.

3- Maintain a record of written complaints and document actions taken.

Article (34)

Companies shall prepare an awareness procedural manual for the consumer relating to the credit information, and shall be presented it to SAMA for approval.

Confidentiality

Article (35)

With due consideration to confidentiality regulations and banking confidentiality Regulations and guidelines adopted in the Kingdom, the institutions referenced in Article (32) thereof may not deny provision to the companies with the required data and information on consumers for the purposes stipulated in the Law and its Implementing Regulations .

Article (36)

Members and companies shall maintain confidentiality of information and data in their possession and limit its usage and reciprocation among members and companies on the purposes stipulated by the Law and Implementing Regulations , and among relevant persons and parties, without prejudice to the employees responsibility of the companies and members toward any violations they may commit. Companies and members shall be held totally liable for any violations to the Law and Implementing Regulations by their employees.

Article (37)

Employees and workers of the companies and organizations governed by the Law and its Implementing Regulations must not disclose any information that may have because of their

jobs, even after termination. They are also prohibited from keeping any such information; otherwise, they will be subject to impeachment according to the Kingdom's laws and regulations.

Article (38)

Provisions of confidentiality shall not apply to the following cases:

- 1- Public information: Information becomes public once it is published or announced in media.
- 2- Other cases or information as may be determined by SAMA.

Article (39)

Companies may not establish a credit record of any consumer for the first time, or exchange it with any member or company without the consumer's consent.

Members Obligations

Article (40)

The member shall:

- 1- Obtain the consumer's consent for each time it enquires about him, and also obtains his consent for providing licensed companies with information about him.
- 2- Not provide the companies with any information about the consumer if it knows that such information contains errors or sufficiently believes that such information may contain incorrect data.
- 3- Not furnish the companies with any false information about the consumer after it receives a notification to that effect from the consumer.
- 4- Periodically update the consumer's information once every week in minimum.

- 5- Provide companies, in all circumstances, with correct and complete data about the consumer.
- 6- Use the consumer's information received from the companies for lawful purposes.
- 7- Inform the companies immediately about any closed credit accounts based on the consumer's request.
- 8- Not divulge/disclose any information received from the companies about the consumer.
- 9- Develop records including the names and addresses of the companies transacted with as well as the information provided to such companies.
- 10- In case the consumer's information contains a dispute or complaint, the member shall not have the right to provide the companies with information on the consumer without notifying them that such information are under dispute or subject to complaint.
- 11- Verify the consumer's information and correct or delete any contained errors.

Article (41)

The member shall inform the consumer about any negative information he will send to companies within 30 working days as of registering such information in the consumer's record. This can be effected through sending a clear and explicit written notification to the consumer.

Article (42)

Members who are committed by a membership agreements with companies may not deny provision of credit information required by them or delay the provision of such information to the companies according to the defined schedules and agreed frequency stipulated in the membership agreements between companies and members.

Consumer's Rights

Article (43)

With due consideration to the cases stipulated in the Law, the consumer shall have the right to know all information contained in his credit record. He may request his record from any credit information company, free of charge, in the following cases:

- 1- First time request.
- 2- If a negative resolution is taken against him as stipulated in the Implementing Regulations .
- 3- If the consumer is a victim of a fraudulent transaction, such as a proven manipulation of his personal information.
- 4- If the consumer's credit record contains false information.

Article (44)

The consumer also may

- 1- Know the name and address of any party that has enquired about his credit record during the past 2 years
- 2- File a complaint if his credit record contains false or incomplete information.

Article (45)

In case the member has taken a negative decision toward the consumer for a cause that is partially or entirely due to any information included in his credit record, it shall notify the consumer with the negative information as well as the following information within the next seven working days after such a decision:

- 1- Causes for taking such a negative decision.
- 2- Name, address and telephone number of the company from where he obtained the credit record.

Disputes & Complaints

Article (46)

The consumer may object at any time against any negative decision or any information contained in his credit record because it is false, not updated, or incomplete, or for being old and has already passed the stipulated period for keeping information in the credit record indicated in Article 17 thereof. The company, in this case, shall investigate the complaint free of charge within 30 days of the objection submission date.

Article (47)

Investigation and review of complaints and objections shall take place according to the following procedures and times:

1. The company shall within 5 working days from the date of being informed with the complaint, inform the member who issued the objected information and mention all related information as well as all evidence and documents submitted by the consumer, and give the member no more than 10 working days to respond. If no response is received within 10 working days, this will be taken as valid evidence for supporting the consumer's claim.
2. The company shall take its decision within no more than 7 working days of receiving the member's response or expiry of the period stipulated above.

3. Once the investigation proves partial or complete validity of the claim, or it is proven that the information can not be verified, the company shall within 2 working days remove the objected information from the record or revise it, as the case may be.
4. The company shall not have the right to delete or revise any negative information in the consumer's credit record once it is proven to be accurate.

Article (48)

- 1- The company shall notify the objector with the actions taken to investigate his objection within at least 15 working days from the date of his objection.
- 2- The company shall notify the objector in writing with the finding of the investigation within at least 5 working days from the date of taking the decision in this regard, including the following:
 - a. A copy of the revised consumer's credit record if the objection has proven to be valid.
 - b. A Summary of the consumer's rights according to the Law and the Implementing Regulations , if it is proven that the objection is invalid.

Article (49)

The company shall refer in every credit record it issues during the investigation period to the objection raised on any information contained in that record. If the investigation fails to settle the objection, the company may, on the request of the objector, undertake the following:

- 1- Refer to the objection in any subsequent credit record relating to the objector and including any objected information
- 2- Include in the credit record a clear summary of the actual facts of the projected information as viewed by the objector.

- 3- Notify any party designated by the objector, which had obtained his credit record in the previous year of the objection regarding the submission of the objection if that record included any of the objected information.

Article (50)

Once any information contained in the objector's credit record has been deleted or modified, the company shall notify such a deletion or modification to any party defined by the objector that may have obtained his credit record during the year preceding the objection, and to all licensed credit information companies that are contracted with the company.

Article (52)

The member shall not have the right to re-include any negative information that has been deleted or modified in the consumer's credit record without a resolution by the Committee.

Article (52)

The consumer may, if his objection is rejected, approach the Committee indicated in Article (14) of the Law to file a complaint for review and settlement.

Violations Review and Credit Information Dispute Settlement Committee

Article (53)

A committee or more shall be instituted according to Article (14) of the Law, composed of at least 3 members, to be designated, nominated and their tenure is defined through a resolution by the Minister of Finance.

Article (54)

Having been formed at a decision by the Minister of Finance, the Committee will develop its own charter defining its work processes and arbitration procedures. The Committee's charter as well as defining the remunerations of its members shall be endorsed by the Governor.

Enforcement and Publication

Article (55)

These Implementing Regulations shall come into effect one month after being published in the official gazette and SAMA's Website. SAMA shall review and recommend the modification of these Implementing Regulations if necessary.