

By-laws of
[name of Special Purpose Entity]
(A Special Purpose Entity)

These By-Laws are made and entered into this [weekday], [Hejra date] (corresponding to [Gregorian date]) in respect of a Special Purposes Entity (the **Special Purposes Entity**) established and licenced under the Rules for Special Purpose Entities issued by the Board of the Saudi Arabian Capital Market Authority (the **Authority**) pursuant to its Resolution Number [●] dated [●] (the Rules for **SPEs**) by [and between¹]:

- (1) [name of Sponsor], a [legal form of Sponsor]² duly organised and existing under the Companies Law issued under Royal Decree No. M/6 dated 22/3/1385 H and its amendments, and having its registered office at [address of Sponsor]; having as its principal business [principal business of Sponsor]³, which is the Sponsor of the Special Purposes Entity for the purposes of the Rules for SPEs; and
- (2) [name of Shareholder], [a [legal form of Shareholder] duly organised and existing under the laws of the Kingdom of Saudi Arabia, having its registered office at [address of Shareholder] and having as its principal business [principal business of Shareholder]] or [an individual of [nationality] with [identity card] / [passport] number [identity card or passport number], having as his occupation [occupation], and having as his address [address of Shareholder]];
- (3) [●]⁴.

WHEREAS, the [Sponsor has decided] / [above named parties have agreed] to form the Special Purpose Entity.

NOW THEREFORE, the [Sponsor has decided] / [above named parties have agreed] as follows:

1. NAME

The name of the Special Purposes Entity shall be [insert name].

2. REGISTERED OFFICE

The Special Purposes Entity shall have its Registered Office at [insert address in Kingdom of Saudi Arabia]. The Registered Office may not be transferred to any other place except with the unanimous approval of all the Shareholders and of the Authority.

3. PURPOSE AND ACTIVITIES

3.1 The purpose of the Special Purposes Entity is to obtain a finance through the issuance of one of the following types of debt instruments:

- (a) asset-backed securities;

¹ Delete "and between" if the Sponsor is to be the sole shareholder.

² Where the Special Purpose Entity is to issue debt-based recourse securities, the sponsor must be a Saudi joint stock company.

³ Where the Special Purpose Entity is to issue asset-linked recourse securities or asset-backed securities, the sponsor must be an authorised person whose business profile covers all securities business activities to be undertaken in connection with the activities of the Special Purpose Entity, a local bank or a financing company. Remove this item where the Special Purpose Entity will only issue debt-based recourse securities.

⁴ Where the Sponsor is to be the sole shareholder, delete items (2) and (3). If there is to be a shareholder other than the Sponsor, indicate that shareholder's details at item (2) and delete item (3). For every additional shareholder, replicate the form of wording used in item (2) as necessary, including the details of the relevant shareholder.

- (b) asset-linked recourse securities; and
- (c) debt-based recourse securities.

3.2 The activities it is permitted to undertake are limited to:

- (a) the issuance of shares to its initial Shareholders on establishment, or to shareholders as part of an increase of capital under Article 5 below;
- (b) the issuance of those debt instruments specified in Article 3.1 above;

4. CAPITAL

4.1 The capital of the Special Purposes Entity is [insert the capital of the Special Purposes Entity in numbers and words], divided into [insert the number of shares in the Special Purposes Entity in numbers and words] non-divisible cash shares of equal value, each having a nominal value of [insert the nominal value of one share in the Special Purposes Entity in numbers and words].

4.2 The capital of the Special Purpose Entity, was subscribed for as follows:

Name of Shareholder	No. of Shares	Share Value in S. R.	Total Value in S. R.	Percentage of Total Capital
[Insert name of Shareholder]				
[Insert the name of Shareholder].				
Total				100

4.3 The person(s) listed in Article 4.2 above, together with their successors from time to time, shall each be a **Shareholder**, and shall together be the **Shareholders** for the purposes of these By-Laws.

5. CAPITAL INCREASES AND DECREASES

5.1 Subject to Article 5.4 below, upon approval of all the Shareholders, the share capital of the Special Purposes Entity may be increased, either by increasing the nominal value of a Shareholder's shares or by issuing new shares; provided that all the Shareholders shall be obliged to pay their value in the same proportions as their existing holdings in the share capital of the Special Purpose Entity.

5.2 Except in the two cases mentioned in Article 5.1, any increase in the capital of the Special Purposes Entity may be undertaken only with the approval of the Shareholders holding at least [insert percentage in words] per cent ([insert percentage in numerals] %)⁵ of the share capital.

5.3 Subject to Article 5.4 below, the Special Purpose Entity's share capital may be reduced by a resolution of the Shareholders; provided that , if the reduction of the capital is on the grounds that the capital exceeds the Special Purpose Entity's needs, the Special Purpose Entity's creditors shall be invited to express their objections thereto within sixty (60) days from the date of publishing the reduction resolution in a daily newspaper distributed in the area of the Special Purpose Entity's

⁵ Must be 75% or more.

Registered Office. If a creditor objects and presents its documents to the Special Purposes Entity within the above-mentioned period, the Special Purposes Entity shall repay the amounts if it is due or provide it with a sufficient guarantee of repayment if the maturity date of the debt is later.

- 5.4 No increase or decrease in the Special Purpose Entity's share capital may take place without the prior written approval of the Authority.

6. DEALINGS WITH RESPECT TO SHARES

- 6.1 Subject to item 6.2 below, shares in the Special Purposes Entity shall be freely transferable among the Shareholders and others as disclosed under the relevant prospectus or private placement offering memorandum (as applicable).
- 6.2 No Shareholder may assign, encumber or otherwise dispose or deal with its shares without the prior written consent of the other Shareholders (if any). If the assignment of a shareholder is to be made, whether with consideration or not, the Authority's prior consent shall be obtained. Moreover, the provisions of this item shall not apply to the transfer of ownership to an heir or under a will or a judicial order.

7. SHARE REGISTER

- 7.1 The Special Purposes Entity shall maintain a share register in which it shall enter the names of the shareholders, the number of shares owned by each shareholder, and all transactions affecting the shares. The share register shall contain all of the following information:
- (a) the name of each Shareholder and, if a natural person, his occupation, nationality, address and identity card (or passport) number;
 - (b) the number and value of the shares in the Special Purposes Entity owned by each shareholder in the Special Purpose Entity;
 - (c) upon a transfer of shares:
 - (i) the number and value of shares which have been transferred, along with a description of the manner in which the shares were transferred – whether by sale, purchase, inheritance, gift or otherwise;
 - (ii) the name and signature of the transferor and the transferee;
 - (iii) the date of the transfer; and
 - (iv) the number and value of shares owned by each shareholder after any such transfer.
- 7.2 The pages of the share register shall be numbered sequentially. No page may be deleted nor any erasure or revision made to the information contained therein.
- 7.3 No transfer of ownership of shares in the Special Purposes Entity shall be effective against the Special Purposes Entity or any third party unless the transfer of ownership is entered in the share register.
- 7.4 The register shall be a conclusive evidence of the persons' ownership of shares in the Special Purpose Entity.

8. DIRECTORS

- 8.1 The Special Purposes Entity shall always have a minimum of two (2) registered Directors and may have a maximum of [insert maximum in words ([insert maximum as a number])].
- 8.2 A Director may be appointed or removed by a Shareholders' resolution. If the removal of a Director would cause the number of Directors to drop below the minimum number specified in Article 8.1 the Shareholders shall not remove that Director without simultaneously appointing a replacement.
- 8.3 A Director may resign by giving prior written notice for not less than [insert time period] to the Special Purpose Entity. If the resignation of a Director would cause the number of Directors to drop below the minimum number specified in Article 8.1, the Shareholders shall appointing a replacement before the date the Director's notice to resign becomes effective.
- 8.4 The Directors shall be entitled to remunerations as the Shareholders may determine by resolution.
- 8.5 The business and day-to-day affairs of the Special Purposes Entity shall be managed by the Directors, who together shall have all powers and authorities, except as required by the Rules for SPEs or by these By-Laws or any agreement between the Shareholders that an action shall be exercised by the Shareholders, including (without limitation):
- (a) to represent the Special Purposes Entity before the Authority, all notary publics, judicial entities, Government agencies, private authorities and other third parties;
 - (b) to negotiate any contracts or other documents to be entered into by the Special Purposes Entity and, by executing such contracts and documents in the name of the Special Purpose Entity, to obligate the Special Purposes Entity to the terms of such contracts and documents;
 - (c) to appoint and remove the Special Purpose Entity's representatives, agents, or legal counsellors;
- 8.6 The Directors may delegate any of their powers or authorities to any person, including (without limitation) anything specified in Article 8.5 but shall retain ultimate liability for the exercise of such delegated powers, with no prejudice to Article 20 of the Rules for SPEs.
- 8.7 Subject to the following, the Directors may regulate their proceedings and decision-making procedures as they deem fit, with consideration to the following:
- (a) the quorum for a meeting of Directors shall be two (2) attending members;
 - (b) a resolution in writing signed by all directors shall be as valid and effective as if it had been passed at a meeting of directors;
 - (c) a Director shall not vote on any resolution concerning a matter in which he has, directly or indirectly, a material interest and which conflicts or may conflict with the interests of the Special Purpose Entity.

9. REGISTER OF DIRECTORS

- 9.1 The Special Purposes Entity shall maintain a register of Directors in which it shall enter the following details in relation to each Director:
- (a) name and address;
 - (b) national identification number, Iqama number or passport number, as appropriate;

- (c) nationality;
- (d) business occupation (if any);
- (e) date of appointment; and
- (f) date of removal or resignation (if applicable).

9.2 The pages of the Directors' register shall be numbered sequentially. No page may be deleted nor any erasure or revision made to the information contained therein.

10. DECISIONS REGARDING THE SPECIAL PURPOSES ENTITY

This section includes decisions-making process regarding a special purposes entity that are not included in the Rules for special purposes entities, such decision shall be made either by members of the board directors of the special purposes entity or Shareholders of the special purposes entity.

11. TRUSTEE OR AGENT

Where the Special Purposes Entity issues debt instruments, the directors shall appoint an agent or represent the interests of the holders of those debt instruments.

12. AUDITOR

12.1 The general assembly shall annually issue a written resolution appointing an auditor, in accordance with Article 38 of the Rules for SPEs.

12.2 No person may hold the office of auditor and at the same time perform the functions of a director of the Special Purposes Entity, or perform any technical or administrative work for the Special Purpose Entity, even in an advisory capacity, nor may an auditor be a partner or an employee of, or be associated with any shareholder or director of the Special Purpose Entity.

12.3 The annual remuneration of the Auditor shall be fixed by a Shareholders' resolution.

12.4 The auditor may be removed at any time by a Shareholders' written resolution, without prejudice to any right of the auditor to compensation. Where an auditor is removed the Shareholders shall adopt a resolution appointing a substitute auditor as soon as is possible.

13. BOOKS AND RECORDS

13.1 The Directors shall be responsible for ensuring that proper books and records are kept in accordance with Article 40 of the Rules for SPEs.

13.2 Those books and records shall be kept at the Registered Office of the Special Purposes Entity (or such other place in the Kingdom of Saudi Arabia as the Directors may determine), and shall always be available for inspection by the Directors, Shareholders and the Authority.

14. FISCAL YEAR

The fiscal year of the Special Purposes Entity shall commence on the date of its registration in the register prepared by the Authority and shall end on [insert Hegira date] H, corresponding to [insert Gregorian date] G, and each fiscal year thereafter shall be of twelve (12) months.

15. SINGLE SHAREHOLDER

- 15.1 Where the Special Purposes Entity has only one Shareholder, the provisions of these By-Laws shall be construed accordingly. All Shareholder resolutions and other decisions required by these By-Laws or the Rules for SPEs to be made by the Shareholders shall be made by written resolution of the Shareholder rather than by a resolution passed at an Annual General Meeting or an Extraordinary General Meeting, as the case may be.
- 15.2 Where the Special Purposes Entity has only one Shareholder, the Shareholder may not give proxy to another person to pass resolutions on his behalf.

16. LIQUIDATION AND DISSOLUTION

The Special Purposes Entity may be dissolved and liquidated in the circumstances provided for under the laws of the Kingdom of Saudi Arabia.

17. LAW AND ARBITRATION

- 17.1 These By-Laws and the relationship between the Special Purpose Entity, the Shareholders, and the Directors are subject to the laws and regulations of the Kingdom of Saudi Arabia, in particular the Rules for SPEs.
- 17.2 Unless otherwise agreed by the Shareholders, any dispute, controversy, or claim arising out of or in connection with these By-Laws shall be settled by the Shareholders amicably. In the event that any such dispute cannot be resolved amicably and unless otherwise agreed by the Shareholder, any Shareholder may submit the matter for final and conclusive decision by the Committee for the Resolution of Securities Disputes, with no prejudice to the parties of the dispute's right to arbitration as agreed upon.

18. MISCELLANEOUS

- 18.1 Unless otherwise specified in these By-Laws, all notices to be served pursuant to these By-Laws shall be in the form of registered mail facsimile, or shall be delivered by hand against a written acknowledgement of receipt at the Registered Office of the Special Purposes Entity, to the address as shown in the register of Shareholders, or such other address as notified by a Shareholder to the Board of Directors.
- 18.2 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.
- 18.3 These By-Laws have been signed in [insert number of copies in words] ([insert number of copies in numerals]) copies in Arabic and English. One (1) copy is delivered to each Shareholder, and the remaining copies are to be used for the registration and publication purposes.

References in these By-Laws to years or months shall be made to Gregorian years or months.

IN WITNESS WHEREOF, these By-Laws was signed by the Sponsor [and the other Shareholders] or by their duly authorised representatives on the day and year detailed above.

[Insert name of Sponsor]

By:_____

[[Insert name of other Shareholder]

By:_____]