



حازم المدني  
Hazim Al Madani  
محامون ومستشارون قانونيون  
Attorneys & Legal Consultants

## Incorporation of a Foreign Commercial Trading Company





## **Incorporation of a Foreign Commercial Trading Company**

We would like to share a brief overview on the incorporation of a Foreign Trading Company that our firm handled and successfully incorporated under the Saudi Arabian General Investment Authority (SAGIA) and Ministry of Commerce and Industry (MOCI), with SAGIA being the governing body for foreign investments by which any foreign entity willing to invest in Saudi Arabia must get approval and a foreign investment license from it. Our client is one of the leading frozen food manufacturers and is a well-known brand with branches located all over Asia, Gulf and Southeast countries. They already had a foreign investment license from SAGIA for manufacturing frozen food activities, and wished to enter the trading sector. As such, we advised and guided them on the trading practices in Saudi Arabia and got them incorporated seamlessly.

The client instructed us to form the structure of the company to be a Limited Liability Company (LLC) with a Saudi individual partner in the proposed LLC. As such, the LLC was formed with 75% ownership of a foreign company and 25% ownership of Saudi individual partner. To initiate the registration of the client, we drafted a power of attorney form that authorized us to finalize all actions on behalf of the company.

### **Registering the name of the company**

An application was submitted to the MOCI department located within SAGIA, where we provided four different names for the new company. Accordingly, the department approved one of the four names we provided, and a reference number was issued to reserve the approved name for later use during the licensing stage.

### **Acquiring Approval and licensing from SAGIA - Saudi Arabian General Investment Authority (Ministry of Investment of Saudi Arabia - MISA)**

We created a new account with SAGIA for the client, and an application was submitted with the following documents requested by SAGIA:

1. A copy of the Power of Attorney executed in our favor by the client.
2. Reservation form of the new company name.
3. The Business Plan.
4. A copy of the investment license.
5. A copy of Commercial Registration Certificate.
6. A copy of Articles of Association.
7. A copy of financial statements of the company subject to previous years, attested by a certified auditor.
8. Comprehensive profile of the company.
9. Identification documents of the Saudi partners.
10. Letter of interest from both partners.

After submission of the aforementioned documents, the file was transferred through the multilevel department of SAGIA, and they requested to have a formal meeting. They inquired about the background of the client, and approved the issuing of the license. The entire process to acquire the license from SAGIA took two weeks.

#### Obtaining the Commercial Registration Certificate (CR)

After receiving the investment license, we drafted the articles of association (AOA) for the newly incorporated company, which was reviewed by MOCI, and they approved it for notarization and it was successfully notarized by the Notary Public. After the notarization, the MOCI issued a temporary CR and instructed us to publish the AOA in the online publication of Ministry within 30 days from the date of issuing of the temporary CR.

Since the activity of the new company is retail trading, it is a mandatory requirement that the company should have 27 million Saudi Riyal (SAR) as its capital in cash provided the foreign partner capital must be less than 20 million SAR. As such, the CR would only be activated after 27 million SAR is deposited in the recognized bank. The company provided us with a POA to open an account in the name of the company, we managed to open the account and the capital of 27 million SAR was deposited accordingly. Soon after the capital was deposited, the Bank sent a confirmation of balance to MOCI and the CR was successfully activated. The aforementioned process took around 2 to 3 weeks.

Date: 2015

## THIS IS NOT A LEGAL OPINION

The contents of these pages are for your general information and public use only, and is subject to adjustment without prior notice. We do not provide any undertakings or guarantees of the accuracy of the contents and information covered in this document and it may contain errors and mistakes. Therefore, we explicitly disclaim any responsibility on our part that may result from any mistake or error to the maximum extent permissible under the law. Your use of the information provided in this document is at your own risk without taking any responsibility on our part. You are solely responsible for ensuring that any information available in this website does meet and comply with your specific requirements.

Readers who seek professional legal advice, can write to us at:  
[info@almadanilaw.com](mailto:info@almadanilaw.com)

Riyadh  
Office No.11  
567 Al- Righi Building - Salah Al-Deen Street (60<sup>st</sup>) Malaz,  
P.OBox:10083 Riyadh:11433  
T:+966 (11) 479 1355 | FAX: +966 (11) 4783171

Jeddah  
Office No.2601  
7113 Al-Andalus Plaza – King Fahd Rd, Mishrifah District,  
P.OBox:9078 Jeddah:23336  
T: +966 (12) 639 9939

