03.19 Regional Headquarters (RHQ) License

✍ Service Description

This service is provided to Multinational Groups wishing to establish their RHQ in the Kingdom as a unit duly established under the laws of Saudi Arabia for the purpose of supporting, managing, and providing strategic direction to its branches, subsidiaries and affiliates operating in MENA region.

Service Documentations

1. A copy of the applicant's commercial registration or commercial license, attested at the level of the Saudi Embassy in the respective country.
2. Copies of at least two commercial registrations or commercial licenses issued in two different countries, excluding the Kingdom of Saudi Arabia and the country in which the headquarters of the Multinational Group is located, attested at the level of the Saudi Embassy in the respective countries.
3. The annual audited consolidated financial statements of the last financial year of the applicant, attested at the level of the Saudi Embassy in the respective country.

Service Rules and Restrictions

1. The Multinational Group has minimum presence in two different countries, excluding the Kingdom of Saudi Arabia and the country in which the headquarter of the Multinational Group is located, either through Subsidiaries or Branches.
2. The RHQ is established as a separate legal personality in the Kingdom of Saudi Arabia either as a company or as a registered branch of a foreign company.
3. The RHQ shall not directly conduct commercial operations that generate revenue other than RHQ License activities.
4. The RHQ must commence the mandatory RHQ activities* within six months of issuing the License.
5. The RHQ must commence at least three optional RHQ activities** within one year of issuing the RHQ License.
6. RHQ employees carrying on mandatory RHQ License activities must have the relevant skills and knowledge developed at the headquarters or another regional headquarters of the Multinational Group, at least 3 employees of which must be of Executive Director level and Vice-President level.
7. The RHQ must employ at least 15 full time employees deployed in the conduct of RHQ activities within one year of issuing the RHQ License (including the senior level executives mentioned in point 6 above).
8. The RHQ License is subject to cancelation by the Ministry of Investment in any of the following situations:

   - Failure to commence the mandatory or optional RHQ License activities, or hiring the minimum number of employees, within the stipulated time periods.

- The cessation of any mandatory RHQ activities or a minimum of three optional RHQ activities.
- The cessation of satisfying any of the RHQ License conditions by the RHQ or the Multinational Group.
- Violation of any licensing regulation established by MISA constituting 'Grounds for Cancellation'.

** The mandatory RHQ activities are the provision of strategic direction and management functions. RHQ strategic direction functions include: (a) Formulate and monitor the regional strategy, (b) Coordinate strategic alignment, (c) Embed products and/or services in the region, (d) Support acquisitions, mergers and divestments, and (e) Review financial performance. RHQ management functions include: (a) Business planning, (b) Budgeting, (c) Business coordination, (d) Identification of new market opportunities, (e) Monitoring of the regional market, competitors, and operations, (f) Marketing plan for the region, and (g) Operational and financial reporting.*

*** The optional RHQ activities are: (a) Sales and Marketing Support, (b) Human Resources, and Personnel Management, (c) Training Services, (d) Financial Management, Foreign Exchange, and Treasury Centre Services, (e) Compliance and Internal Control, (f) Accounting, (g) Legal, (h) Auditing, (i) Research and Analysis, (j) Advisory Services, (k) Operations Control, (l) Logistics and Supply chain management, (m) International Trading, (n) Technical Support or Engineering Assistance, (o) Network Operations for IT System, (p) Research and Development, (q) Intellectual Property Rights Management, (r) Production Management, and (s) Sourcing of Raw Materials and Parts.*

✦ Service Fees

- Payment of license fee of (2000) Saudi Riyals annually.
- Payment of (10,000) Riyals as subscription for the first year to obtain services from Ministry of Investment investors' relations centers.
- Subscription to obtain services from Ministry of Investment investors' relations centers for the years following the first year will be free of charge.
- The entity is obligated to pay the financial consideration for the entire period of the license - if any - as determined by the Ministry when approving the classification mechanism within a period of 60 days from the date of notifying it of the classification and the financial consideration due from it, and in the event of non-payment within the specified period, the license is considered expired.

Application Mechanism

The website – E-Services Portal

Expected Time for Service Implementation

One to two working days.