



هيئة المدن والمناطق الاقتصادية الخاصة
Economic Cities and Special Zones Authority

Statute of the Economic Cities and Special Zones Authority





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Definitions

Article 1

In this Statute, the following terms shall have the meanings assigned thereto, unless the context requires otherwise:

Statute: Statute of the Economic Cities and Special Zones Authority.

Authority: Economic Cities and Special Zones Authority.

Board: Board of Directors of the Authority.

Economic City: A Saudi economic city that currently exists or that will be created in the future.

Investor: Any natural or corporate person investing in economic cities or special zones, whether Saudi or non-Saudi.

Developer: A corporate person assigned, in accordance with a special agreement concluded between him and the Authority with regards to its economic cities and special zones, or between him and a relevant entity with regards to its special economic zones, to develop the geographical zone designated for economic cities or special zones or part thereof by establishing their infrastructure as well as the projects and services necessary therefor, either directly or through a third party.

Secretary General: Secretary General of the Economic Cities and Special Zones Authority.

Executive Director of the City: The Executive Director of the company assigned to develop the economic city.

Operator: A corporate person assigned to operate one of the services or service utilities in any economic city or special zone.

City Master Plan: The set of documents agreed upon by the Authority and the developer, specifying the general framework for the layout of the city.

The (60 × 24 × 7) Concept: Completion of each government service within a period not exceeding 60 minutes around the clock throughout the week.



Special Economic Zone(s): A Saudi special economic zone established under this Statute.

Special Economic Zone Oversight: The Authority's supervision of the management of the special economic zone in accordance with the relevant regulations, rules, conditions, and arrangements for each special economic zone and the powers granted thereto. This shall include provisions relating to financial, customs, and tax exemptions and incentives and others within each special economic zone.

Relevant Entity: An entity granted approval to establish a special economic zone.

Executive Director of a Special Economic Zone: The administrative officer appointed by the Authority or the relevant entity, as the case may be, to serve as the executive director of the special economic zone, or the executive director of the company developing the special economic zone appointed by the relevant entity.

The General Plan of a Special Economic Zone: The set of documents agreed upon by the Authority and developer, or the relevant entity and developer, defining the general framework for the layout of the special economic zone.

Establishment of the Authority, its Legal Status and Duties

Article 2

1. Pursuant to this Statute, an Authority named the "Economic Cities and Special Zones Authority" shall be established and it shall report to the King. Said Authority shall enjoy a corporate personality with financial and administrative autonomy. Its headquarters shall be in King Abdullah Economic City in the County of Rabigh, and it may establish branches or offices within the Kingdom to carry out its duties.
2. The Authority shall operate on commercial bases and principles, and it shall enjoy the flexibility and powers necessary to carry out its duties, in accordance with its bylaws as well as its financial and administrative regulations as set forth in this Statute.

Article 3

The Authority shall have full administrative and financial supervision over economic cities and



their special zones to achieve their goals in promoting the investment of national capital, attracting foreign investments, and fulfilling the objectives of the Kingdom's development plans. The Authority shall, to the extent permitted by this Statute, oversee and regulate the special economic zones of relevant entities. It shall, in particular, undertake the following:

1. Conclude agreements and contracts, develop plans and programs, and conduct the studies necessary to develop economic cities and their special zones, support and monitor their growth, and maintain their gains.
2. Review and approve the master plans of economic cities and special zones, ensure their proper execution, and approve any amendment proposed by the developer to the master plan, upon coordination with the relevant entity in relation to its special economic zone.
3. Set criteria that determine the best specifications and international standards for all the infrastructure work of economic cities and their special zones, and specify the conditions for constructing buildings, roads, and ports as well as industrial, commercial, and residential areas, and providing public benefit services, taking into account security and safety as well as environment and public health requirements.
4. Set necessary controls for the management, operation, and safety of industrial areas within economic cities and their special zones.
5. Issue licenses for various commercial, industrial, service, professional, educational, training, and health activities in economic cities and their special zones, in accordance with the regulations and standards set by the Board, including the manner of supervision and control of such activities.
6. Determine the fees for the licenses and services provided in economic cities and special zones.
7. Grant usufruct rights within economic cities and their special zones.
8. Establish companies or enter into partnerships, in accordance with applicable statutory procedures and in a manner consistent with the Authority's duties and powers.
9. Monitor the implementation of design, construction, operation, and maintenance requirements in economic cities and special zones.



10. Develop the guidelines and procedures governing the work and responsibilities of the executive director of the economic city and the executive director of the special economic zone.
11. Oversee and monitor developers, investors, operators, contractors, workers, residents, and visitors of economic cities and their special zones.
12. Study the need for the establishment of economic cities and special zones, and submit recommendations to the Board to take necessary action.
13. Review applications for the establishment of special economic zones and submit recommendations to the Board for its decision.
14. Conduct comparative studies and research on financial, customs, and tax exemptions and incentives and others to consider their application in economic cities and special zones in the Kingdom, taking into consideration international practices and experience, and submit its findings to the Board for its decision.
15. Coordinate with the relevant entity with regards to its special economic zone.
16. Monitor the implementation of financial, customs, and tax exemptions and incentives and others relating to the special economic zones in coordination with the relevant entity, and monitor the implementation of the regulations, rules, conditions, and arrangements of each special economic zone.
17. Monitor compliance with the requirements of licenses issued for services, as well as for commercial, industrial, professional, educational, training, and health activities.
18. Conclude agreements with the relevant entities of special economic zones or other entities that entail delegating certain Authority tasks to enable the relevant entity to organize relations and performance of tasks within its special economic zone.
19. Perform any other task falling within its powers.

Article 3 bis

The relevant entity shall, to the extent permitted by this Statute as well as the regulations, rules, and arrangements of each special economic zone, have the power to manage and operate its



special economic zone by itself or through others to generate potential economic, financial, and commercial benefits, and it shall in particular have the following powers:

1. Conclude agreements and contracts, develop plans and programs, and conduct the studies necessary for establishing and developing its economic zones, providing support, overseeing their development; and preserving their accomplishments, in coordination with the Authority and the entities concerned with the activities of such zones.
2. Modify the general plan of its special economic zone to the extent permitted by the relevant regulations, rules, or arrangements.
3. Develop guidelines for the identification of best international standards and specifications for all the infrastructure work of its special economic zones, specify the conditions for constructing buildings, roads, and ports as well as industrial, commercial, and residential areas, and providing public benefit services, taking into account security and safety as well as environment and public health requirements.
4. Develop conditions necessary for the management, operation, and safety of industrial zones within its special economic zones.
5. Grant usufruct rights within its special economic zones.
6. Develop the guidelines and procedures governing the work and responsibilities of the executive director of its special economic zone.
7. Oversee and monitor developers, investors, operators, contractors, workers, residents, and visitors of its special economic zones.
8. Propose the fees for the licenses and services provided in its special economic zones, and submit the same to the Board for necessary action.



Authority's Board of Directors and its Powers

Article 4

1. The Authority shall have a Board of Directors whose chairman shall be appointed pursuant to a royal order, with the membership of experts and specialists from the private and public sectors, to be nominated by the Chairman of the Board. Their appointment and remuneration shall be pursuant to a royal order.
2. Board membership shall be for a renewable term of three years.

Article 5

The Board shall be in charge of the Authority's affairs and shall oversee its management, running of its affairs, and deciding the manner suitable for the establishment and operation of economic cities and special zones, without adhering to applicable financial and administrative procedures, including the powers related to the Authority's tasks and jurisdiction as provided for in this Statute. The Board shall oversee special economic zones of relevant entities, and shall in particular have the following powers:

1. Set policies for the Authority to achieve its purposes and approve the programs necessary therefor.
2. Approve the Authority's organizational structure.
3. Approve the Authority's bylaws, provided that the financial provisions therein be approved in consultation with the Ministry of Finance.
4. Approve the fees for licenses and services rendered in economic cities and special zones.
5. Approve conditions for granting usufruct rights in economic cities and special zones.
6. Approve the Authority's annual work plan as well as its operational plans.
7. Approve the Authority's draft annual budget, final accounts, auditor's report, and annual report, in preparation for submission to the King.
8. Establish committees and grant them the powers necessary to carry out the tasks assigned thereto.



9. Propose the establishment of economic cities and special zones and submit the same to the Council of Ministers for approval.
10. Propose financial, customs, and tax exemptions and incentives and other exemptions and incentives within each economic city or special zone according to the nature of each city or zone in a manner that ensures economic, financial, and commercial benefits, and submit the same to the Council of Ministers for approval.
11. Approve the regulations, rules, and arrangements of economic cities and special zones, and determine the powers of each city or zone.

Article 6

1. Board meetings shall be held at the Authority's headquarters and they may be held elsewhere in the Kingdom, when necessary.
2. The Board shall convene upon the call of its chairman once every three months, or whenever the need arises, at the discretion of the Board's chairman, or at the request of at least half of its members. The call for a meeting shall be in writing and it shall be delivered at least seven days prior to the meeting, provided that it includes the agenda.
3. Board meetings shall be valid if attended by the majority of members, including the chairman or his designee.
4. Each Board member shall have a single vote, and Board resolutions shall pass by majority vote of Board members.
5. A member may not vote by proxy.
6. Board deliberations shall be recorded in minutes signed by the chairman of the meeting and attending members. A member who objects to any resolution may record his reasoned objection in the minutes.
7. A member may not disclose any confidential information relating to the Authority's business and activities he becomes privy to as a member.
8. The Board may invite any person it deems fit to attend its meetings in a non-voting capacity to provide information and expertise.



Secretary General

Article 7

The Authority shall have a Secretary General appointed by the King to be the executive officer in charge of its management. His responsibilities shall be within the limits of this Statute and Board resolutions, and he shall, in particular, exercise the following duties and powers:

1. Oversee the preparation for Board meetings.
2. Follow up on the implementation of Board resolutions.
3. Oversee the preparation of the Authority's draft budget, draft final accounts and annual report, and submit the same to the Board.
4. Oversee the Authority's staff pursuant to the powers vested in him and the regulations.
5. Issue orders for the Authority's expenditures within the approved annual budget.
6. Submit periodic reports to the Board on the Authority's business, achievements, and activities.
7. Propose the Authority's plans and programs and oversee their implementation upon the Board's approval.
8. Represent the Authority before the judiciary and other bodies, and he may delegate others to do so.
9. Delegate some of these powers and duties to officials in the Authority.

Authority's Revenues

Article 8

The Authority's revenues shall consist of the following:

1. Funds allocated by the State.
2. Revenues collected for services provided by the Authority within its jurisdiction.
3. Funds accepted by the Board such as gifts, aids, donations, wills, and endowments.



4. Any other revenues which the Board decides to add to its funds.

Article 9

1. The Authority shall keep its revenues and it shall spend therefrom directly on its various activities.
2. The Authority's funds shall be deposited in a separate account with the Saudi Arabian Monetary Agency (SAMA) and said funds shall be spent in accordance with the financial regulations of SAMA. The Authority may open accounts in banks licensed to operate in the Kingdom.
3. All the Authority's expenses relating to the achievement of its purposes, provision of public services, and the salaries of its staff as well as other expenses shall be from its revenues as provided for in Article 8 of this Statute. The State shall not bear any obligation in this regard.

Economic Cities

Article 10

Comprehensive service centers shall be established in economic cities and special zones and they shall be under the Authority's supervision and management. Government and non-government service agencies shall be represented in such centers, where various types of services shall be provided to developers, operators, investors, workers, and residents according to their needs in economic cities and special zones. Said agencies shall delegate to their representatives powers to ensure the expeditious delivery of services as determined by the Board, in implementation of the (60 × 24 × 7) concept. The Authority shall coordinate with the relevant entity upon the establishment of such centers in its special economic zone.

Article 11

The Authority shall promote, domestically and internationally, the investment opportunities available in economic cities and special zones, and any events related to investment marketing, in coordination with developers of economic cities and special zones, upon the approval of the relevant entity in relation to its special economic zone, and in accordance with the law.



Article 12

Upon fulfillment of the requirements stipulated in this Statute and its regulations, developers shall have full liberty in the management of their businesses and the execution of agreed upon projects.

Article 13

Real property of all kinds within economic cities and special zones shall be registered in special records with the Authority. Each record shall include various information regarding each real property, its area, owner or usufructuary, and its intended use. Use of any real property may be changed without contradicting the master plan of each economic city or special zone. The Authority may introduce any scheme or service for the registration of real properties and their documents, lien, follow-up, and any other matter the Authority deems appropriate for each economic city or special zone. The Authority may delegate others - under contracts concluded for this purpose - to manage and operate such schemes and services, under its supervision.

Article 14

The Authority shall obtain for each owner or usufructuary of a real property registered in the real property records of the economic city or its special zone an official document fully registered in the records of the notary public at the Authority, and approved in accordance with title document issuance rules adopted by the Authority. The Authority shall obligate each owner, usufructuary, or alienor of a real property within economic cities or their special zones to provide the necessary documents therefor.

Article 15

A natural or corporate non-Saudi person may own or use property within economic cities and special zones, in accordance with rules set by the Board and approved by the King.

Article 16

The Authority shall issue permits for work within economic cities and special zones provided that priority is given to Saudis, in coordination with the Ministry of Labor.



Article 17

The Authority shall set up - in agreement with the Ministry of Interior - a security department within economic cities which works around the clock in coordination and collaboration with the security authorities. The security department shall set traffic plans and control, mobility, and transportation, including firefighting and rescue procedures, and other emergencies in economic cities to achieve comprehensive security. The security department shall be provided with the means and equipment necessary to perform its duties.

Article 18

Developers, operators, investors, workers, residents, and visitors of economic cities and special zones shall adhere to the values and public morals observed in the Kingdom. In case of a violation, the Authority or relevant entity, as the case may be, shall take necessary action.

Article 19

The Authority may - in collaboration with developers of economic cities and special zones- establish and manage depot and re-export areas provided that they include the infrastructure necessary to host industrial and commercial activities and services according to the needs and plans of each economic city or special zone. The Board shall set governing rules.

Article 20

Investors in economic cities and special zones shall receive financial, customs, and tax exemptions and incentives and other exemptions and incentives, in accordance with a Council of Ministers resolution issued for such purpose.

Article 21

The Authority shall have the right to access sites or premises within economic cities and special zones except for private residences, in coordination with the executive director of the city or the executive director of the special economic zone or any of their deputies and without detriment to the interests of the economic city or special zone. To this end, the Authority may request the necessary documents and information.



Article 21 bis

The regulations issued by the Board for each relevant entity's special economic zone shall determine the following:

1. Conditions for the licensing of commercial, industrial, service-related, professional, educational, training, and health activities, as well as the Board's procedure for overseeing and monitoring such activities.
2. The agency in charge of the registration of all types of real property within the special economic zones of the relevant entity, as well as necessary procedures and requirements.
3. Procedures for the issuance and approval of the official document for each owner or usufructuary of a real property within a special economic zone, and the data required for registration, as well as any documents required to be submitted by each owner or usufructuary of a real property or any person disposing of such property within a special economic zone.
4. Procedures for establishing a security department within special economic zones and the responsibilities thereof, in agreement with the Ministry of Interior.
5. Rules governing the establishment of depot and re-export areas including any infrastructure necessary for services, and industrial and commercial activities.

Article 22

Without prejudice to relevant laws, the Authority, with regards to its economic cities and special zones, and the relevant entity, with regards to its economic special zone, shall, in coordination with the National Center for Environment Control, set rules and regulations for the protection of the environment in accordance with the best international standards. This shall be taken into consideration when issuing licenses to economic cities and special zones' developers, operators, investors, and others. The relevant entity shall comply with such rules and regulations, and the Authority shall monitor its compliance.

Article 23

The Authority shall apply the regulations for the protection of intellectual property rights in



economic cities and special zones. For this purpose, the Authority may conclude necessary agreements with relevant parties to ensure protection of such rights, in accordance with laws and relevant international conventions.

Concluding Provisions

Article 24

The Authority's fiscal year shall be the same as that of the State. As an exception, the Authority's first fiscal year shall commence on the date this Statute enters into force and it shall end at the end of the State's fiscal year.

Article 25

The Secretary General shall, within 90 days from the commencement of each fiscal year, submit to the Board an annual report on the Authority's achievements, compared to the general development plan of the preceding year, as well as the difficulties encountered and proposals for improvement of work progress, in preparation for submission to the King.

Article 26

The Board shall appoint an auditor or more from natural or corporate persons licensed to practice in the Kingdom and shall determine their fees. In case of multiple auditors, they shall be jointly liable for their work before the Authority. The auditor's report shall be submitted to the Board.

Article 27

In terms of exemptions from customs duties on its imports, the Authority shall be subject to the rules applicable to the imports of public corporations.

Article 28

This Statute shall enter into force from the date of its approval.