

Ministerial Decision

The Minister of Social Affairs

Pursuant to the powers duly entrusted to him;

Having reviewed Associations and National Institutions Law issued by the Decision of Council of Ministers No. (61) dated 18/02/1437 H, ratified by the Royal Decree No. (M/8) dated 19/2/1437 H.

Based on Article No. (51) of Executive Regulation of the Associations and National Institutions Law issued by the Ministerial Decision No. (73739) dated 11/06/1437 H.

As may be required by public interest, he decides as follows:

- 1: Approve Family Fund Rules by the formula attached herewith.
- 2: This Decision shall enter into force as of the date of its issuance.
- 3: This Decision shall be communicated to all competent bodies to be implemented.

Minister of Social Affairs
Dr. Majid bin Abdullah Al-Qasabi
//signed//



Ministry of Labor and Social
Development
Kingdom of Saudi Arabia
Minister's Office
Issue: 74393
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Family Fund Rules

1437 H.

Family Fund Rules

Chapter (1)

Definitions

Article(1):

The following words and expression, wherever mentioned in this Rules, shall have the meanings ascribed thereto hereunder:

- 1- Law: Associations and National Institutions Law.
- 2- Ministry: Ministry of Social Affairs.
- 3- Minister: Minister of Social Affairs.
- 4- Competent Body: The body determined by the Council of Ministers.
- 5- Fund: Family Fund.
- 6- Family: Individuals have relation to the person in whose name the Fund was registered.
- 7- Board of Trustees: Board of Trustees of Family Fund.
- 8- Regulation: Executive Regulation of the Associations and National Institutions Law.
- 9- Rules: Family Fund Rules.
- 10- Basic Regulation: Basic Regulation of Family Fund.

Article(2):

The Family Fund is National Institution and the provisions of these rules shall apply thereto.

Article (3):

Subject to the objectives mentioned in the Law, the Basic Regulation shall set out the objectives of the Fund and shall not exceed those objectives without the approval of the Minister or his delegate. It is generally intended to strengthen the kinship relationship promote the spirit of solidarity, harmony and compassion among the family members, reconcile, cooperate in righteousness and piety, and contribute to the organization of charity among the family members.

Chapter (2)

Establishment of the Fund

Article (4):

The applicant or applicants for the establishment must be:

1. Saudi National.
2. Not less than eighteen years of age.
3. Fully qualified.
4. Has relation to the person in whose name the Fund was registered.

Article (5):

- 1- If the applicant for establishment desires to establish the Fund for himself, in this case, at least ten family members shall join the Fund.
- 2- If the applicants for establishment desire to establish the Fund in the name of an individual to whom they have a relation, in this case, all children (First-degree relative) of the person in whose name the fund was registered, or their alternates from their male children, and so on downward, shall be among the applicants. In this case, the applicants for establishment shall be at least ten family members.

Article (6):

Without prejudice to Article No. (5), the applicant for establishment of the Fund shall submit the following to the Ministry:

- 1- Establishment application as per the form prepared by the Ministry, accompanied by a statement showing the following data of the applicant(s) for establishment:
 - a. Names according to the National ID card.
 - b. National Identification Number.
 - c. Profession.
 - d. Place of residence.
 - e. Contact details including email and mobile number.
- 2- A copy of the applicant's National ID card.

3- Name and data of the authorized representative of the applicant(s) for establishment and his contact details including email and mobile number.

4- Basic Regulation of the Fund as per the form prepared by the Ministry, without prejudice to the Law or this Rules.

5- Commitment to deposit an amount not less than twenty thousand riyals into the Fund account.

Article (7):

The Ministry decides on the establishment application as per the following actions:

- 1- The Ministry studies the application to verify that it meets the conditions and data stipulated in the Law and this Rules and also the decisions and instructions issued thereunder.
- 2- The Ministry publishes the application for Family Fund registration on its website, after completing all documents set forth in these Rules, for thirty days. Publication includes the name of Fund and the applicant(s) for establishment and the Basic Regulation of the Fund.
- 3- The application is given an incoming number and date to be studied by the Ministry after the end of the publication period, and the application is then deemed to meet its requirements.
- 4- After coordination with the Competent Body, the Ministry issues its decision on the application, whether by approval or rejection, within sixty days as of the date of meeting its requirements.

5- The Ministry issues the Fund license after meeting the
aforementioned in accordance with the following actions:

- a. The Ministry registers the Fund in its Family Fund Register and gives it a special registration number.
- b. The Ministry takes the necessary actions to publish the content the decision to establish the fund on its website.
- c. The Ministry issues the Fund license according to the Family Fund Register, along with a certified copy of the Basic Regulation, to be delivered to the authorized representative of the applicant(s) for establishment.

Article (8):

Anyone who has a relation to the person in whose name the Fund will be registered has the right to submit an objection to the establishment to the Ministry within the period of publication mentioned in paragraph (2) of Article No. (7) herein. The Ministry shall study and decide on the objection within not later than one month from the date of submitting the objection.

Article (9):

The Fund acquires legal personality as of the date of issuing the Ministry's approval to the application, or after expiry of the period of sixty days from the date of meeting the application requirements.

Article (10):

The Fund shall perform its functions as per provisions of the Law and this Rules and it is prohibited to practice any activity violating its objectives specified in its Basic Regulation.

Article (11):

The name of the Fund shall be the full name of a natural person and shall not bear the name of a tribe or family and shall not result in tribalism or family conflicts. The Ministry has the right to amend the name of the Fund under a grounded decision.

Chapter (3)

Family Fund Registry

Article (12):

The Ministry prepares a special registry for the Family Funds that is updated whenever its data is amended. The registry includes the following data:

- 1- Name of the Fund.
- 2- Number and date of the Ministerial Decision to approve establishment of the Fund.
- 3- Number and date of the Fund license.
- 4- Basic Regulation of the Fund.
- 5- Address of the Fund.
- 6- The objectives for which the Fund was established.
- 7- Name of the founder or the founding members of the Fund.

- 8- Names of the Board of Trustees members.
- 9- Name of President of the Board of Trustees and his contact details.

Chapter (4)

Basic Regulation of the Fund

Article (13):

The Basic Regulation of the Fund shall include the following:

- 1- Name of the Fund.
- 2- Name(s) of the founders and their personal information.
- 3- The purpose for which the Fund was established.
- 4- Terms and conditions of membership at the Family Fund, including the degree of kinship among the members and subscriptions, if any.
- 5- Rules and provisions governing the management of the Fund, including:
 - a. Formation of the Board of Trustees and its terms of reference, and the mechanism of appointing its members.
 - b. Representation of the Fund before others.
- 6- A statement of the cases in which the Fund may be dissolved voluntarily and the regulatory provisions thereof.
- 7- A detailed statement of the financial affairs, including:
 - a. The Fund's financial resources, including the funds allocated thereto, endowments, and subscriptions, if any.

- b. the mechanism of disbursement from the Fund and its requirements.
- c. Determination of the beginning and end of the Fund's fiscal year and methods of controlling its funds.

8- The mechanism of amending the Basic Regulation

Chapter (5)

Administrative Affairs of the Fund

Article (14):

The Fund shall have a Board of Trustees of not less than three members and not more than thirteen members. The Basic Regulation determines the mechanism of appointing the Board of Trustees members as follows:

- 1- Members shall be appointed by one or more named persons.
- 2- Members shall be appointed by one or more persons who have a common description such as the family elders, provided that a statement of their names shall be prepared and updated when necessary.

3- Members shall be appointed by election from the family, provided that procedures for nomination and its requirements, voting, counting of votes and announcing of the results shall be detailed in the Basic Regulation.

Article (15):

The Basic Regulation shall specify the method of renewing the Board of Trustees, if it determines its period. Also the Basic Regulation specifies its terms of reference, number of its meetings during the year, its legal quorum and the method of voting on its decisions and other provisions.

Article (16):

The Board of Trustees chooses the President and Financial Supervisor from among its members in its first meeting.

Article (17):

The Board of Trustees runs the affairs of the Fund without prejudice to provisions of the Law, this Rules, and the Basic Regulation, with a view to achieving the objectives for which the Board of Trustees was established, including:

- 1-** Supervise the Fond activities.
- 2-** Approve the annual administrative and financial report and provide the Ministry with a copy thereof.
- 3-** Approve the general budget and closing account prepared by the certified auditor of the Fund, and provide the Ministry with a copy thereof.

- 4- Approve the estimated budget of the new financial year, and provide the Ministry with a copy thereof.
- 5- Approve the controls for disbursement of social or specialized aid or services.
- 6- Provide the Ministry with names and data of the appointed members of the Board, copies of their ID cards and any change to its formation within one month of the date of the change.

Chapter (6)

Financial Affairs of the Fund

Article (18):

The financial resources of the Fund consist of the following:

- 1- The funds, gifts, endowments, wills, or Zakat allocated to the Fund by the founder, founders, or the family members.
- 2- Periodic subscriptions of the family members, if any.
- 3- The Fund's Return of Investment, as stipulated by the Basic Regulation.

Article (19):

Without prejudice of the provisions of the Law, the Fund shall deal with money of Zakat in an independent account and shall establish a special register for it. The Fund shall dispose of the money of Zakat consistent with provisions of Islamic Law.

Article (20):

- 1- The Board of Trustees is responsible for the Fund's money and property. To that end, the Board of Trustees shall perform its duties responsibly and in good faith, determine the powers that it delegates, procedures for decision-making and period of delegation and follow-up the exercise of those powers that it delegates to others through periodic reports.
- 2- The Board of Trustees ensures establishing the procedures for familiarizing the new Board members with the work of the Board, especially the financial and legal aspects. The Board shall ensure that adequate information on the Fund's affairs is available to the Board members.
- 3- The Board of Trustees shall not violate the Basic Regulation or the conditions mentioned therein.
- 4- The Board of Trustees shall deposit cash in its name into one or more local banks. The banking transactions of the Fund shall be made by the signature of the Board of Trustees' President or his deputy and the Financial Supervisor. The Board of Trustees may authorize dealing with the bank accounts of two of its members or leaders of the executive management, provided to be Saudi nationals, after obtaining the approval of the Minister or his delegate.
- 5- The Board of Trustees shall ensure compliance of the Fund with the laws and regulations in force in the Kingdom, to ensure that the Fund does not commit any legal violation.

Article (21):

The Fund shall contract with an external auditor licensed to practice the profession in the Kingdom.

Article (22):

The Fund shall provide the Ministry with a statement including its revenues, expenses, activities and expenditures of its money for the year ended during the first quarter of the beginning of the financial year.

Article (23):

The Family Funds do not benefit from the subsidies provided by the Ministry and its establishment does not entail any obligation to the State.

Article (24):

The Fund shall consider the provisions stipulated by the financial laws in force in the Kingdom, including the Anti-Money Laundering Law, and in particular the Fund shall do the following:

- 1- Maintain the records, financial documents, files of financial accounts and correspondences, copies of national identity documents for those dealing with it, in its headquarters, for a period of not less than ten years from the date of the end of dealing.
- 2- If the Fund has reasonable reasons to suspect that the money or some of them are proceeds of a criminal activity, or are related to money laundering or terrorist financing operations, or that they will be used in the previous operations, the Fund shall take the following actions:

- a. Inform the Financial Investigation Unit at the Ministry of Interior immediately and directly.
 - b. Prepare a detailed report that includes all data and information available to it about that case and the relevant parties, and provide the Financial Investigation Unit therewith.
 - c. Not to warn those dealing with it that there are suspicions about their activities.
- 3- The Financial Supervisor shall be responsible for audit, review and commitment. The Financial Supervisor shall be provided with sufficient resources to detect any of the crimes stipulated in the Anti-Money Laundering Law.

Chapter (7)

Dissolution of the Fund

Article (25):

Upon issuing the decision on dissolution of the Fund, the Ministry shall consider what is mentioned in Article No. (27) herein. The decision on dissolution includes appointment of one or more liquidators to carry out liquidation process, and determines the period of his service and his remuneration.

Article (26):

The Ministry, when distributing the Fund's money after being dissolved, shall adhere to the Sharia controls in dealing with wills and zakat money, if any. Also the Ministry shall consider returning money to the donors, if possible, and consider what is mentioned in the Basic Regulation. In the event that the Ministry could not comply with the aforementioned, the Board of Trustees shall determine the persons or bodies to which the Fund money shall be sent.

Article (27):

If the competent person in the Fund decides to dissolve the Fund voluntarily, the provisions set forth in the Fund's Basic Regulation shall be applied.

Article (28):

The officials of the Fund, on which a decision was issued to suspend its activities or to dissolve it, shall not dispose of its money or document, with the exception of cases of necessity; i.e. when the assets to be disposed of are perishable, subject to the Minister's approval.

Chapter (8)

General Provisions

Article (29):

The Ministry may provide its services and apply the provisions of the Law and this Rules through the modern technology.

Article (30):

The Fund is forbidden to participate in any event or activity outside the Kingdom, provide any of its services, obtain a membership from an international body unless with obtaining the written approval of the Minister. If there is a need to participate in any of the aforementioned, the Fund shall submit an application to the Ministry stating its desire to participate and explaining aspects of connection with its activities.

Article (31):

The Ministry, at the request of those who have relation to the person in whose name the Fund was registered or on its own, shall inspect the Fund or a branch thereof and review its documents, correspondences and records to ensure that it comply with the obligations set forth in the Law, this Rules, and the Basic Regulation. The Ministry has the right to obtain a copy of the aforementioned or the original copy of a specific document after preparing a minutes thereof. The Ministry is entitled to attend meetings of the Board of

Trustees and those attending under this Article are not entitled to vote in any of those meetings. The Fund shall fully cooperate and respond to the inquiries and questions of the Ministry.

Article (32):

Subject to what is mentioned in Article No. (19), Article No. (23), Article No. (35), and Article No. (36) of the Law, the Ministry shall exercise its functions to supervise the Fund. If the Fund violates any provisions of the Law, this Rules, or the Basic Regulation, the Ministry shall take the following actions:

- 1- Send a notice of violation to the Fund and give it a grace period not more than thirty days.
- 2- In case of lapse of the grace period without rectifying the violation, the Ministry shall send a final notice to the Fund and give it a grace period of thirty days.
- 3- In case of lapse of the grace period of the final notice without rectifying the violation, the Minister shall take any of the following actions, taking into account the gradation according to seriousness of the violation and its frequency:
 - a. Suspend an affiliate of the Fund from working in associations, institutions, and funds for a defined period.
 - b. Suspend an affiliate of the Fund from working in associations, institutions, and funds permanently.
 - c. Dismiss the Board of Trustees or a member thereof and appoint an alternate, as necessary.

- d. Suspend the Fund's activity temporarily.
- e. Merge the Fund into another one in coordination with the founders.
- f. Dissolve the Fund.

Article (33):

The Ministry is entitled to cancel the license of the Fund that does not conduct its business after lapse of a year from the issuance date of the license. The Minister may extend the Fund for a similar period, if the founders provide justifications acceptable by the Minister or his delegate.

Article (34):

The Ministry shall interpret this Rules and its interpretation is deemed to be binding.

Article (35):

This Regulation comes into force as of the date of its publication.