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## Establishment of the Unified Register for Commercial Pledges

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### Background

In April of last year, the regime for the grant, perfection and enforcement of security interests over movable assets in the Kingdom of Saudi Arabia was transformed with the issuance of the Commercial Pledge Law<sup>1</sup> and the Implementing Regulations to the Commercial Pledge Law<sup>2</sup> (together, the **Commercial Pledge Regulations**). One of the key developments under the Commercial Pledge Regulations is the ability of a secured party to perfect its security interest over various classes of assets by registering the same with a register that would be established by the Ministry of Commerce and Industry. The Commercial Pledge Regulations contemplated that the Ministry of Commerce and Investment would operate the register, and that the regulations establishing the register would be issued within 180 days of the publication of the Commercial Pledge Law.

### URCP

Following much anticipation, the regulations establishing the Unified Register for Commercial Pledges<sup>3</sup> (the **URCP**) were issued on 8 *Rajab* 1440H (corresponding to 15 March 2019) (the **URCP Regulations**).

Set out below is an overview of certain salient features of the URCP and the URCP Regulations:

- **Electronic Services.** The services of the URCP are provided electronically.
- **Account.** Establishment of an account with the URCP is a prerequisite to accessing the register's services.
- **Responsibility.** The secured party is responsible for filing the request to register a security interest. The secured party is also responsible for terminating the registration of a security interest following the expiry of the relevant security agreement.



- Notice of Registration. Following a secured party's filing of a request to register a security interest (the **Request**) with the URCP, the URCP will give notice to the relevant security provider of the Request and related information (the **Notice**).
- Right to Object. The URCP Regulations grant the security provider a period of seven days from the date of receiving the Notice (the **Objection Period**) to object to the Request. If the security provider objects to the Request during the Objection Period, the relevant Request will be cancelled.
- Registration. If the security provider approves a Request, or does not object to the same within the Objection Period, the registration procedures will be considered to have been satisfied and the security interest will be registered in the URCP.
- Registers of Ownership. The URCP Regulations require the satisfaction of additional requirements for registration in the case of security interests over collateral for which there are specific registers relating to the ownership of such collateral.
- Termination. The URCP Regulations provide that the registration of a security interest in the URCP is terminated: (a) by the relevant secured party terminating the same; (b) pursuant to a judicial order; (c) upon the expiry of its term; or (d) 60 days following the issuance of an enforcement extract (which may be extended by the URCP for a further period not exceeding 60 days based on a request by a secured party or enforcement agent).
- Searches. The URCP Regulations provide that: (a) a security provider, a secured party or an enforcement agent may review the information relating to a particular registration relating to any of them, (b) third parties may conduct a search with the URCP to verify whether the security interest over particular collateral has been registered with the URCP, and (c) third parties may, subject to the approval of the security provider (which approval would specify the names of the third parties and the registration(s) or other information that may be accessed) conduct a search with the URCP in relation to security interests that have been registered over the assets of the security provider.
- Fees. The URCP Regulations set out a schedule of applicable fees in relation to various services offered by the register. For example, the fee for filing a request to register a security interest is SAR 200, the fee to terminate the registration of a security interest is SAR 100, the fee to conduct a search for all of the security interests that have been registered over assets of a particular party is SAR 100, and the fee to issue a direct enforcement extract is SAR 400.

The URCP appears to be operational now, and we note that the Saudi Arabian Ministry of Commerce and Investment has published a user guide to the URCP (see <https://mci.gov.sa/Documents/CommercialMortgage.pdf>).

## Conclusion

With the establishment of the URCP, parties engaged in secured transactions in the Kingdom should presently be able to perfect applicable security interests by registering the same with the URCP.



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<sup>1</sup> The Commercial Pledge Law issued by Royal Decree no. M/86 dated 8/8/1439H (corresponding to 24 April 2018).

<sup>2</sup> The Implementing Regulations to the Commercial Pledge Law issued pursuant to the Resolution of the Minister of Commerce and Investment dated 11/8/1439H (corresponding to 27 April 2018G).

<sup>3</sup> As the Arabic term "*rahn*" covers both pledges and mortgages, the name of the register has also been translated as the "Unified Register for Commercial Mortgages".