

Client Alert

Government Matters & Regulation

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Setting Up a Private Foundation in Saudi Arabia

The National Center for Non-Profit Sector (“**NCNPS**”) is the supervisory body of civil society organizations and private foundations. The NCNPS regulates civil society organizations and private foundations in accordance with the Implementing Regulations of the Civil Society Organizations and Private Foundations Law issued pursuant to NCNPS resolution number Q/2/1/2022 dated 22/03/1444H (corresponding to 18 October 2022), as amended pursuant to NCNPS resolution number Q/5/8/2023 dated 19/03/1445H (corresponding to 4 October 2023) (the “**Implementing Regulations**”).

We highlight few aspects of the Implementing Regulations in relation to Private Foundations.

1. Conditions To Qualifying as a Private Foundation:

To be considered a private foundation, an entity must:

- be organized by one or more natural or legal persons;
- its objective is not to accumulate profit for the benefit of the founder(s);
- meets one or more public or private interests; and
- receives funding from the founders, endowments, donations, zakat, or return on investments.

We note that, as of now, only a Saudi national or a Saudi legal person can establish a private foundation.

2. Documents Required for Establishing a Private Foundation:

For a Saudi entity to establish a private foundation, the following must be provided to NCNPS:

- a valid commercial registration, license, or endowment deed;
- the founders’ resolution approving the establishment of the private foundation;

- name, address, and contact information of the applicant (if different from the founder(s));
- application to establish a private foundation as provided for by NCNPS; and
- the private foundation's bylaws in a form approved by NCNPS.

We note that a private foundation can operate as soon as it receives its license from NCNPS. However, it cannot conduct any activities that conflict with its objectives, nor can it engage in any activities outside of the Kingdom or establish branches outside of the Kingdom without NCNPS's approval.

3. Establishing Branches of a Private Foundation:

A private foundation can establish branches inside the Kingdom after obtaining the approval of NCNPS. The private foundation must provide NCNPS with the following:

- Trustee Committee's approval on establishing a branch;
- The location of the branch and the region it covers; and
- The specialization of the branch, the management structure including the name, the national identification and contact information of each potential manager.

4. The Private Foundation's Trustee Committee:

- A private foundation must have at least three trustees appointed by the founder(s). The private foundation must notify NCNPS within 15 days of forming the trustees committee.
- The founder(s) appoint a president of the trustees committee. In case the founder(s) were unable to decide, members of the trustee committee can elect one of them to be the president.
- The trustee committee must meet at least bi-annually.
- The trustee committee is responsible for the private foundation's financials and assets, including ensuring that funds are disbursed in line with the private foundation's objectives as stated in its constitutional documents.

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