أوقاف
AWQAF

The Regulation on the Establishment of Endowment Investment Portfolios

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Article (1): Definitions

Unless the context requires otherwise, the terms and expressions listed below shall, wherever mentioned in this Regulation, have the meanings indicated next to each of them below:

The Authority (GAA)	The General Authority for Awqaf.
The Regulation	The Regulation on the Establishment of Endowment Investment Portfolios.
The Endower (Waqif)	The person who establishes the endowment whether a natural or legal person.
Capital Market Institution	A person licensed by the Capital Market Authority (CMA) to conduct securities business.
The Trustee (Nazir)	The natural or legal person entrusted with overseeing the endowment investment portfolio.
Endowment Investment Portfolio	A financial vehicle without independent legal character, in which endowed funds are pooled for investment purposes, and disbursed according to the Endower's stipulations.
Private Endowment Investment Portfolio	A financial vehicle without independent legal character, in which endowed funds are pooled for investment purposes, and disbursed according to the Endower's stipulations and the management agreement.
Investment Account	An accounting record created by the licensed person for his client funds deposited in an account opened by the licensed person to finance the client's securities dealings, which reflects all transactions made on that account.

Management Agreement	An agreement between the Endower or Trustee and a Capital Market institution licensed by the CMA to manage the Private Endowment Investment Portfolio, in accordance with this Regulation and other relevant laws, regulations, and the CMA rules and executive regulations.
Portfolio Manager	Capital Market institution licensed by the CMA and appointed to manage the Private Endowment Investment Portfolio in accordance with the Management Agreement.

Article (2): Scope of the Regulation

This Regulation applies to:

01

Existing Endowment Investment Portfolios and future Endowment Investment Portfolios that are established after this Regulation comes into effect.

02

The creator of the Endowment Investment Portfolio, whether a natural or legal person.

Article (3): Purpose of the Regulation

This Regulation aims to regulate the establishment, management, and related actions concerning Endowment Investment Portfolios.

Article (4): Regulatory and Supervisory Framework

01 Without prejudice to the powers of the CMA, the General Authority for Awqaf shall supervise Endowment Investment Portfolios in accordance with its mandates and authorities under its Law, this Regulation, and relevant laws, regulations, and instructions.

02 In matters not addressed in this Regulation, the rules governing Investment Accounts shall apply to the endowment investment portfolio, including accounts managed at the discretion of Capital Market Institution as stipulated in CMA Law and executive regulations.

Article (5): Establishment of the Endowment Investment Portfolio

An Endowment Investment Portfolio may not be established or managed unless it is registered with the Authority as follows:

01 The applicant must primarily submit an endowment investment portfolio registration request to the Authority, which must include:

For an Endowment Investment Portfolio:

01. Endower's conditions.
02. Information on the Endower(s) and Trustee(s).
03. Mechanisms for returns distribution, disbursement procedures, and reinvestment.

For a Private Endowment Investment Portfolio:

01. The requirements listed in section (A).
02. Investment strategy, policies, and nature of investments and assets invested in by the private endowment investment portfolio.
03. The level of risks to which the Private Endowment Investment Portfolio is exposed, considering the endowment nature, spending, and interests.
04. Mechanisms for returns distribution and reinvestment.
05. Applicable fees.
06. Any additional requirements as determined by the Authority.

02 The Authority will review the request and issues a decision within ten (10) business days, either approval, conditional approval, or rejection, with reasons provided.

03 The applicant must submit the final version of the Management Agreement to the Authority after the portfolio's opening and within ten (10) business days of the agreement date.

Article (6): Powers of the Endower (Waqif) or Trustee (Nazir)

Without prejudice to relevant laws, regulations, or instructions, the Endower or Trustee has the authority to appoint and dismiss the Portfolio Manager of the Private Endowment Investment Portfolio.

Article (7): Management Agreement

Without prejudice to the requirements set by the CMA Law and its executive regulations, the Management Agreement governing the Private Endowment Investment Portfolio must define at a minimum:

01. Investment strategy, policies, and nature of the investments and assets invested in.
02. The level of risks to which the Private Endowment Investment Portfolio is exposed, considering the endowment nature, spending, and interests.
03. Mechanisms for returns distribution and reinvestment.
04. Applicable fees.
05. The applicant must submit the final version of the Management Agreement to the Authority after the portfolio is opened.

In all cases,
the Management Agreement must not include any provisions that violate the relevant instructions or laws and regulations.

Article (8): Disclosure

01. The Endower or Trustee must provide the Authority with any information requested by the Authority regarding the endowment investment portfolio, its operations, performance, assets, or other matters, within a maximum of ten (10) business days from the request date.

02. The Endower or Trustee must notify the Authority of any materialistic changes within no more than five (5) business days of occurrence.

03. Without prejudice to relevant laws, regulations, and instructions, the Endower or Trustee must submit an account statement of the portfolio annually or upon request.

Article (9): Materialistic Changes to the Portfolio

The Endower or Trustee must immediately notify the Authority of any materialistic change to the portfolio without prejudice to the laws and regulations or instructions applicable to the portfolio. Examples include, but are not limited to:

01 Materialistic change to the Management Agreement.

02 Contracting with another Capital Market Institution.

03 Termination of the Endowment Investment Portfolio or the Private Endowment Investment Portfolio, or conversion of all or part of its assets to other assets, with justification and clarification on the fate of the assets after termination.

Article (10): Termination of the Portfolio

Prior approval from the Authority must be obtained before liquidating or terminating the portfolio, with justification and clarification on the fate of the assets, to be submitted within no more than ten (10) business days.

Article (11): Actions in Cases of Violation or Harm to the Endowment Investment Portfolio

In the event of any action, including violations of this Regulation, that may harm the Endowment Investment Portfolio, the Authority, at its discretion and in coordination with the CMA, may take necessary actions in accordance with the General Authority for Awqaf Law, CoM Resolution No. 286 dated 1442/05/21 H, and all applicable laws, regulations, and instructions.

Article (12): Exemptions

The Authority may grant partial exemptions from the application of any provisions of this Regulation, within its jurisdiction, based on a submitted request with justification or as the Authority deems necessary to serve the best interests of the endowment.

Article (13): Entry into Force

The provisions of this Regulation shall take effect from the date of its publication.

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