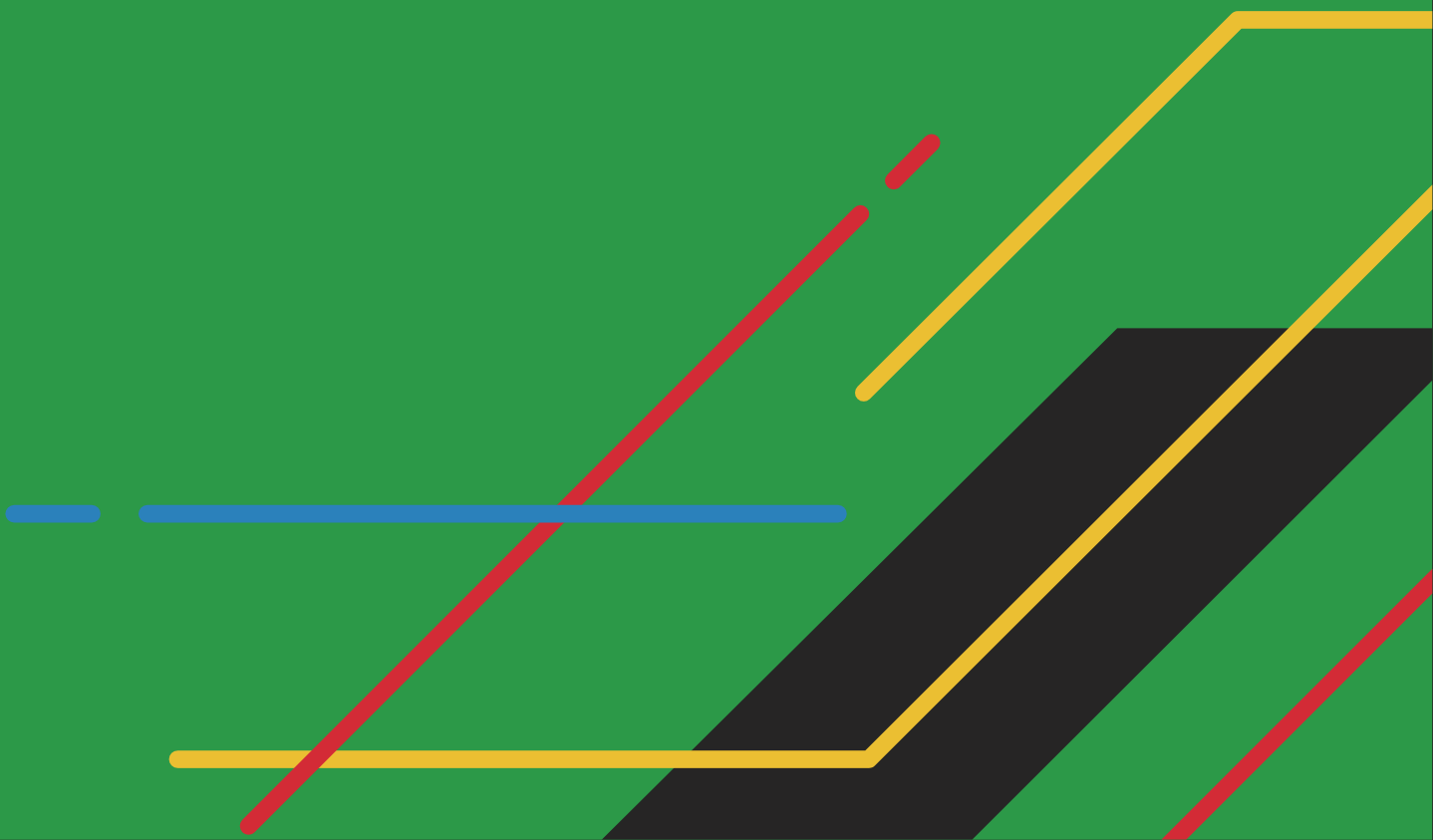




الهيئة العامة للرياضة  
General Sports Authority

# The Regulation of Land Investment Allocated to Sports Clubs 1440 AH - 2020



# الاستثمار الاجتماعي الرياضي



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**Based on the role of the General Sports Authority in supporting sports clubs and welcoming investment ideas and turning them into reality, by having these clubs conclude the contracts and agreements with the private sector in order to find sources of income that contribute to their development in all fields. Therefore, this regulation was issued to organize the sports clubs' investment process for the lands allocated to them and the facilities based there, according to the Council of Ministers' decision No. 113 dated 13/04/1431 AH.**

**The General Administration of Investment strives to make those investments one of the elements that support the sports clubs to achieve their objectives, starting with spreading the practice of sport among society.**

- **Article 1:**

The following regulation clarifies the phrases and words indicating the interpretation and the concept, with the meaning listed next to it. Unless the text is clear, or its context requires otherwise. The reference to the singular also applies to the plural and vice versa

<b>Country:</b>	The kingdom of Saudi Arabia.
<b>Authority:</b>	General Sports Authority.
<b>Regulation:</b>	The Regulation of Land Investment Allocated to Sports Clubs.
<b>Committee:</b>	The investment committee established at the sport club.
<b>General administration of investment:</b>	The general administration of investment at the authority or whoever acting on its behalf.
<b>Club:</b>	A sport authority with legal personality supported financially and morally by the systems of The country to achieve its objectives in conformity with the International Olympic Committee and The Continental and International Associations.
<b>General council :</b>	Club Board of Directors.
<b>Chief Executive :</b>	The person in charge of the club for its daily management and administration of its affairs before the Board of Directors, and works full time.
<b>Investor:</b>	A person or a body that wishes to invest in the field of sport.
<b>Bid :</b>	The bid submitted by the auctioneer in order to compete, according to the stipulated procedures listed on the regulation.
<b>Online platform :</b>	The online platform for receiving requests for sports club investment.

## Chapter 1: Basic principals

- **Article 2:**

this regulation aims to:

1. Achieving financial benefits for the sports clubs to help them achieve their objectives.
2. Organizing the investment procedures made by the sports clubs.
3. Achieving the highest levels of financial sufficiency for sports clubs to obtain investment opportunities, at fair and competitive prices.
4. Promoting integrity and competition, and providing fair treatment for the investors.
5. Achieving transparency in all stages of investment procedures for sports clubs.

- **Article 3:**

The club has the right to invest its facilities and the lands allocated to it, and to contract with the institutions and companies licensed to carry out the work within the scope of the executed activities, in accordance with the provisions of this regulation and the rules governing this.

- **Article 4:**

An investment committee shall be formed in each club, consisting of five members, three from the club's board of directors and two with experience in the investment field. Its formation is issued by a decision of the club's board of directors, provided that the decision shall be made by the chairman and the reporter of the committee, then the formation decision is submitted to the commission for approval. The committee undertakes to discuss investment opportunities for the free and available spaces inside the club or on its walls, and to study the aspects of their investment.

- **Article 5:**

The committee holds its meetings at the club's headquarters, and the majority of its members must attend, provided that among the attendees is an expert in the investment field. Decisions are taken by the majority of attendees, and in case of a tie, the chairman of the committee has a casting vote. At each meeting, a report is drawn up in which they record their discussions and recommendations signed by the attending members, and the recommendation is submitted to the chief executive of the club for consideration, and in case of approval, the record of the meeting is sent to the commission for approval.

- **Article 6:**

It is not permissible to use or exploit the club's name, logos or trademarks registered for it in the media, commercials or industrial activities except after agreement with the club and obtaining written consent of that.

- **Article 7:**

The club may entrust a company specialized in managing its investment, provided that the investment opportunities are announced by public auction in accordance with the mechanism stipulated in the regulation.

- **Article 8:**

The club must take into account the following when embarking on any investment activity:

1. The quality of the proposed project to be implemented must be compatible with the objectives of the club and not contradict the laws in force in the Kingdom of Saudi Arabia.
2. The type of investment must not affect the club's current and future establishments
3. The investment should be in one of the activities approved by the chief executive of the club after the approval of the Authority.
4. Obtaining the approval of the competent authorities for licensing the activity.
5. Not building on stadiums and spaces designated for sports activities.
6. Submitting the investment plan – including the required space – to the Authority for accreditation.

- **Article 9:**

The club that wants to invest must submit a request to the Authority through the online platform to obtain the initial approval of the project, provided that the application includes the following:

1. A brief study of the project and the type of activity being invested.
2. Submitting a plan from an accredited engineering office indicating the location of the project and its area, based on the area that is permitted for investment, including the project site, its space and the current and future facilities in the club.
3. The club's chief executive's approval on the investment project.
4. Attaching (3) estimates issued by evaluation offices by the Saudi Authority for Accredited Valuers explaining the estimate of the minimum expected investment returns for each investment opportunity according to the prevailing prices, taking into account the current and future influencing factors in estimating these returns.
5. The estimated financial costs for implementing the project and the time required for that.

- **Article 10:**

1. The club prepares a conditions and specifications booklet of the public bidding, then submits the booklet to the authority for approval.
2. The conditions and specifications booklet could be formulated according to the methods of sharing the income obtained from the investment returns.

- **Article 11:**

The bid will be announced on the Authority's website and on the club's website -if any- as well as on social media accounts, in addition to announcing the project through the notice board at the club's headquarters. Provided that the announcement on the club's website continues until the deadline for presenting submissions. The authority shall be notified of this, emphasizing that the announcement includes the following:

1. The bidding number and the subject of the bid.
2. To whom you are proposing.
3. The amount of the primary guarantee, its validity period and the method of presenting it.
4. Determining the value of the conditions and specifications booklet.
5. Determining the specific period for advertising, purchasing booklets and receiving offers from those who wish to bid, provided that this period is not less than (30) days.
6. The date of opening the proposals.

- **Article 12:**

The bidder must include the following in their bidding:

1. A copy of the articles of incorporation if it's a company, the commercial registry, the regulatory clearance and previous works if any. As well as a letter from the legal representative including a brief summary of the bidder.
2. Investment license if the competitor is licensed according to the foreign investment system.
3. The primary guarantee specified by the club is not less than (2%) and not more than (5%) of the bid, and it shall be valid for a period of (90) days. It should be presented as a letter of guarantee or a certified check from a local accredited bank, and the initial guarantee is released and handed over to the bidders who are not accepted after awarding, and the bid not accompanied by the primary guarantee is excluded.

- **Article 13:**

The bidders must abide by the requirements set forth in the conditions and specifications booklet, and they must not make any amendment, scraping or erasing. And in case of a correction, this shall be cleared by scratching the error and adding the signature and stamp of the bidder next to it. Bids are not accepted if they do not include constant total prices, and every bid that violates these provisions is excluded.



## Chapter 3: Examination and awarding of submissions

- **Article 14:**

It is not permissible for the bidders to submit more than one bid in the auction for one activity, whether individually or within a company or with partners, and the investment committee shall exclude the irregular bids, according to the provisions of this regulation.

- **Article 15:**

Bids shall be submitted in Saudi riyals, and it shall be restricted by the total price indicated in the bidding form. The bidder is not permitted to make any modification to this price after submitting their bid, and when there are errors of differences in the numbers mentioned in the bids, take into consideration the following:

1. If it is found that the individual price and the details do not match the total price, then the total price is what matters, unless the error in it is a decrease in the sum of the individual prices and the details, in this case the correct total is considered.
2. If the amount written in letters differs from the amount written in numbers, the committee will take the former.
3. If the arithmetical error exceeds (5%) of the value of the total price mentioned in the bidding form, the bid is excluded, unless the investment committee -by consensus of the attending members - decides to accept it for reasons related to the public interest.

- **Article 16:**

Bids shall be submitted during the period specified in the announcement signed by the owners of the bid form sealed by the Authority, and on the tables attached -if any- wrapped in envelopes sealed with red wax, and written on it only the name and number of the bid. The bidder or their delegates shall place the envelopes in the bidding box set up for this purpose.

- **Article 17:**

The investment committee shall meet at the club and in the presence of a representative of the General Administrative of Investment in the authority or its representative at the time specified for the opening of the bidding envelopes. A record shall be prepared in which the value of the bids is discharged in one session and signed by the committee, then handing over a cope of it to the representative of the authority and displaying the spreadsheet on the club's bulletin board. Any procedure to the contrary is considered void, and bidders or their representatives are allowed to attend the opening of the proposals.

- **Article 18:**

The investment committee of the club examines the submitted proposals, studies them, analyzes their prices and submits recommendations regarding the reasons for exclusion and awarding them to the club's chief executive for approval, and submits them to the commission for more approval.

- **Article 19:**

If the prices are equal between two or more bids, the holders of the equal bids are summoned and a public auction is conducted between them, provided that the price mentioned in their bids is the basic price for the start of the bidding. A record of the meeting shall be prepared explaining the award procedures, names of the bidders and the final award price.

- **Article 20:**

The club has the right to cancel the auction if it becomes evident that the proposals presented are not suitable, or if a single proposal that matches the conditions is received. A proposal is considered sole if other bids are not compliant with the conditions or are received with reservations that make them invalid. The investment committee, by consensus, may accept the only bid if the public interest and urgent need so requires, or it deems that there is no benefit from reopening the auction, after obtaining the approval of the authority.

- **Article 21:**

The award will be made on the highest acceptable bid corresponding to the bidding documents, which is devoid of any observations precluding contracting with the bidder.

- **Article 22:**

The winning bidder must submit the following before signing the contract:

1. A final letter of guarantee of (10%) of the total annual value of the contract, and it shall be affective throughout the contract implementation period and up to (90) days after the end of the contract period.
2. A written undertaking to fund the project financially and bear all consequences and responsibilities resulting from it, and handing over all the facilities of the club at the end of the contract period in a sound technical condition, and not claim any compensation. The club also has the right to confiscate the final guarantee in case the facilities were in an unsound condition upon their delivery.
3. To undertake responsibility for obtaining the necessary approvals from the competent authorities.

- **Article 23:**

if the winning bidder fails to sign the contract or submit the final letter of guarantee on the specified date, they shall be considered withdrawn from the auction and the initial guarantee submitted by him shall be forfeited, and the auction will be awarded to the next bid according to priority, and if that is not possible, then the bid will be reopened.

- **Article 24:**

If the winning bidder withdraws -after signing the contract and before the implementation- the club is permitted to award the next bid, cancel it or reopen it, but only after the recommendation of the committee of investment and after obtaining the approval of the authority. Furthermore, the final letter of guarantee must be forfeited.

- **Article 25:**

The club shall make (3) copies of the original contracts according to the forms approved by the authority after being signed by the two parties, provided that all copies are sent to the authority – The General Investment Department – for approval. The contract is not valid until its after approval and authentication by the authority.

- **Article 26:**

The worksite shall be handed over to the investor within thirty days from the date of approval of the contract

- **Article 27:**

Sports clubs are obligated to use Arabic language when preparing and drafting their contracts, documents and appendices, and it is permissible to use another language besides Arabic, but Arabic must be the approved language in the interpretation and implementation of the contract and identifying its specifications, plans and correspondence related to it for the investment projects on the lands allocated to them, using the contract forms approved by the General Investment Department at the authority.

- **Article 28:**

The main duration of the investment contract is determined depending on the nature of the project for which the land or facility is invested or leased, according to the following:

1. Five years as a maximum duration to invest in the following:
  - White lands without establishing any buildings.
  - Existing facilities owned by the club, and the existing facilities vacated by the investors.
  - Areas used for advertising billboards and vending machines, etc.
  - Automated teller machines (ATMs) locations.
  - Lands on which the non-concrete mobile buildings will be constructed.
2. Fifteen years as a maximum duration to invest in the lands in which projects established such as (Sports centers, wedding halls, business premises and so on).
3. twenty years as a maximum duration to invest in the lands in which projects established such as (Hotels, residential apartments, large shopping malls and so on).
4. After the approval of the club and the approval of the commission, contracts can be made within these periods, depending on the type of investment and its expected returns.

## Chapter 5: Bank guarantees

- **Article 29:**

Guarantees are accepted if they are of any of the following forms:

1. A bank guarantee letter from a local bank.
2. A bank guarantee letter from a bank abroad submitted by one of the banks operating in the Kingdom of Saudi Arabia

- **Article 30:**

The guarantee provided by the investor is not released until the end of the contract period, and the invested area is delivered in accordance with the provisions of the regulation and the terms of the contract.

- **Article 31:**

The value of the contracts shall be paid in Saudi riyals, and they may be paid in any other currency after coordinating with the authority. The competition terms stipulate the currency in which the bid is submitted. However, it is not permissible to pay the contract value in more than one currency.

- **Article 32:**

the contractor shall bear the full costs of construction or finishing on the investment area that is awarded to him at the auction, provided that he adheres to the required quality and the application of the technical standards and requirements stipulated by the regulations in force in the competent authorities.

- **Article 33:**

The contractor must carry out all necessary maintenance and cleaning work for the investment facility that he operates, and takes utmost care to preserve the facility that is the subject of the investment contract.

- **Article 34:**

the investor bears all the costs of electricity and water and any other costs related to the activity in question.

- **Article 35:**

the annual investment return shall be paid according to what is stipulated in the auction conditions.

- **Article 36:**

Each club allocates an investment bank account into which investment returns are deposited. It is not permissible to receive any investment return except through this account, provided that disbursement from the account is done in accordance with the rules stipulated in the regulations of the sports clubs.

- **Article 37:**

The club shall contract with the auditing office accredited by the relevant actors to review the records, documents and the movements of bank accounts related to the club's financial resources resulting from the investment income. In addition to submitting a quarterly report to the authority through the adopted mechanism, it also prepares an annual report on its investments and submits it to the club's board of directors for approval.

- **Article 38:**

the contractor has no right to lease the investment site or part of it to another party secretly, unless the investment area is designated for commercial exploitation as a shopping mall, or if he has obtained a prior written approval from the club and approved by the authority, and the contractor shall be responsible before the club and the authority for any breach coming from the subcontractors.

- **Article 39:**

the contractor has no right to assign the leased investment area or part of it during the contract period, without the prior written approval from the club and approved by the authority.

- **Article 40:**

If there is no special provision in it, the club is not permitted to lease and invest its facility for individuals through hourly or daily leasing, contrary to what is mentioned in the provisions of this regulation.

## Chapter 8: Avoidance of the contract

- **Article 41:**

First: the club has the right to terminate the contract in the following cases:

1. Failure of the contractor to fulfill their contractual obligations for a period of three months.
2. The contractor is late in paying the fee for the period specified for them in the contract, after being notified in writing and 20 day had passed since the warning.
3. Using the facility or site in an activity that violates the agreed upon, assigning it to others or subletting it in violation of the provisions of this regulation.
4. The existence of substantial damage to the leased property or the club's facilities as a result of the investor's activity, if they violate any other essential conditions stipulated in the concluded contract of its annexes or in the agreed upon conditions and technical specifications.
5. Cheating, fraud or bribery.
6. If the contractor goes bankrupt.
7. The club may terminate the contract if the public interest requires, while still remaining the investor's right to recourse to the club for compensation for the damage they suffered as a result of that.

Second: the termination of the contract in any of these cases shall take place under a written notice that the contractor is aware of without the need for judicial procedures to be taken, and the avoidance entails the forfeiture of the final guarantee. And the fixed assets on the site shall be owned exclusively by the club.



## Chapter 9: General provisions

- **Article 42:**

The club must abide by what is stipulated in this regulation, as well as abide by the decisions and instructions issued by the authority. And that any contract or agreement signed by the chief executive or anyone else, and has not been approved by the authority, will not have any legal effect against it or against the club, and whoever signs those contracts or agreements will bear full legal responsibility and the consequent obligations in facing the other party.

- **Article 43:**

The contracting must be based on accurate and detailed conditions, in conformity with the approved standard specifications, or based on the international specifications with which does not have approved specifications.

- **Article 44:**

Members of the board of directors, employees of the authority and the club and their relatives, up to the second degree, are prohibited from applying to invest in the club.

- **Article 45:**

Investors and sport clubs must implement their contracts in accordance with their conditions and good intentions, and what is required for the proper functioning of the club and its interests. The club must notify the authority of cases of cheating, fraud and manipulation as soon as it is discovered, as well as providing it with the decisions to be taken in this regard.

- **Article 46:**

The club must ensure, when preparing the specifications and conditions, that they are in the public interest, and that they are not prepared to match products or similar services for specific companies or suppliers.

- **Article 47:**

All employees of sports clubs must maintain confidentiality of the information presented in the proposals and not disclose them to the competitors or others.

- **Article 48:**

If the investor dies and the investment contract is signed on the lease of an investment site, his heirs have the right to continue the contract until the end of its term, provided that one of the represents them, as well as notifying the club of the situation within a period not exceeding thirty days from the date of death. However, if the heirs do not want the continuation of the contract, or if they do not notify the club of their desire to continue the contract within the specified period, or if they do not agree on who represents them, then the contract is terminated by the club in this case, and the guarantee presented by the investor shall be released after settling all rights and obligations arising from the contract, and the club shall replace the project subject of the contract in a public auction in accordance with the provisions mentioned in this regulation.

- **Article 49:**

All fixed assets shall be transferred to the investment activity of the club after the end of the contract period, and the investment site shall be delivered free of obstacles according to a handover report signed by each of the club's official, the investor and a representative of the authority.

- **Article 50:**

a year before the end of the contract period, the project must be offered in a new public auction after the approval of the authority.

- **Article 51:**

as an exception to the procedures of placing in a public auction, the club may contract the government agencies directly, provided that the club fulfills the procedures stipulated in the regulation.

- **Article 52:**

The club must allow the representative of the authority to have access to all relevant material and documents related to investment, auditing and monitoring of the administrative and financial activities of the investment.

- **Article 53:**

The General Investment Department is the department concerned with issuing approvals and notifying the club about them through the agency's office and its branches, and it is the department concerned with submitting the requests that need approval to the authority holder.

- **Article 54:**

The provisions of this regulation apply to all state-owned lands and earmarked for the sports clubs' benefit.

- **Article 55:**

the authority has the right to automate the procedures of this regulation, and the electronic procedures approved by the authority are deemed to fulfill the validity of the procedure mentioned in the provisions of this regulation.

- **Article 56:**

Anyone in charge of the clubs who violates a provision of this regulation will be subject to the penalties mentioned in the basic regulation of sports clubs, while the club reserves its right to file a lawsuit on the offender as appropriate.

- **Article 57:**

The authority may issue the necessary decisions or rules to clarify or interpret the provisions of this regulation. In addition, the decisions and circulars issued by the authority -after these regulations come into effect- are an integral part of it.

- **Article 58:**

This regulation shall be issued by a decision of the Authority's Board of Directors, and it shall be effective from the operation day recorded in the approval decision.

- **Article 59:**

This regulation cancels the restrictions on investment of lands for sports clubs issued in accordance with Decision NO. (3368) The date 11/03/1432 AH, and all previous circulars and rulings that contradict it