

Client Alert: ISIC Classification of Commercial Activities Now Required for All SAGIA-licensed Companies

By Jonathan P. Noble

SAGIA-licensed businesses in the Kingdom of Saudi Arabia must update their commercial registration to comply with the International Standard Industrial Classification (ISIC) categorization of commercial activities. Compliance is now a prerequisite for government services, including new visa issuances, and requires a lengthy process of amending company documents.

On 1 January 2018, the Saudi Arabia General Investment Authority (“SAGIA”) announced that it would adopt the United Nations Economic and Social Council’s International Standard Industrial Classification of All Economic Activities, fourth version (“ISIC”). The ISIC is a system of categorization for commercial activities that also simplifies the collection and publication of statistics. The full ISIC list is available [here](#).

Originally, SAGIA mandated that all new investment licenses comply with the ISIC system, leaving existing SAGIA license holders unaffected. However, in practice, companies have recently reported being denied government services, such as new visa processing through the Ministry of Labour, because their current registered activities did not adhere to the ISIC system. SAGIA has since confirmed that the almost 8,000 existing SAGIA-licensed investors must amend their licenses to conform with the ISIC.

Complying with the ISIC classification system requires amendments to multiple corporate documents.

In order to transition to the ISIC system, a SAGIA-licensed limited liability company (“LLC”), must make amendments to both their constitutional and registration documents. It is a multi-step process, as outlined below:

1. A party holding a power of attorney from the company’s shareholders must apply to SAGIA and the Ministry of Commerce and Industry (“MOCI”), which may require that the shareholders issue a new power of attorney.
2. An application must be submitted to SAGIA to amend the license.
3. After the SAGIA license is amended, the LLC’s Articles of Association (“AoA”) will need to be fully amended and restated to list its ISIC-compliant commercial activities (the AoA must also comply with the new Saudi Arabian Companies Law, issued in 2015 and effective from 2016).
4. The AoA must be submitted to MOCI for approval, and then signature and publication on MOCI’s website.
5. After publication, the AoA must be signed and certified by a Notary Public.
6. Lastly, the LLC’s commercial registration (“CR”) will be updated to reflect its ISIC classification.

For branch offices of foreign companies, only the amendment of the SAGIA license and CR are required because a branch office does not have an AoA.

The government fees are anticipated to be as follows:

1. SAR 2,000 SAGIA license amendment fee (subject to final determination)
2. SAR 1,500 AoA publication fee
3. SAR 100 CR amendment fee
4. Approximately SAR 500 for other translation and notarization fees

SAGIA-licensed companies are encouraged to take action as soon as possible because this process can take between six to twelve weeks.

If you would like more information about this topic, please contact us.

Jonathan P. Noble
Senior Associate
Dubai
noble@amereller.com

DUBAI | Amereller Legal Consultants | One at Business Bay, 14th Floor | P.O. Box 97706 | Business Bay | Dubai | UAE
t: +971 4 332 9686

RAS AL KHAIMAH | Amereller Legal Consultants FZE | P.O. Box 16462 | Ras Al Khaimah Free Zone | Ras Al Khaimah | UAE | t: +971 7 204 6255

This client alert is a public document for informational purposes only and should not be construed as legal advice. Readers should not act upon the information provided here without consulting with professional legal counsel. This material may be considered advertising under certain rules of professional conduct.

Copyright © 2018