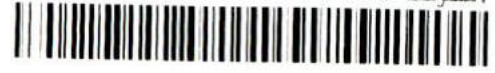




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Outbound Ref. 179196  
Date: 24/09/1442 H  
Encl.: 1 Regulation



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## Ministerial Decision

The Minister of Human Resources and Social Development,

In exercise of the powers duly conferred upon him,

Having reviewed Article (II bis), and Article (30) of the Labor Law promulgated by the Royal Decree No. (M / 51) of 23 / 08 / 1426 H, as amended by the Royal Decree No. (M / 24) of 12 / 05 / 1434 H, as amended by the Royal Decree No. (M / 1) of 22 / 01 / 1435 H, as amended by the Royal Decree No. (M / 46) of 05 / 06 / 1436 H, as amended by the Royal Decree No. (M/14) of 22 / 02 / 1440 H, as amended by the Royal Decree No. (M / 134) of 27 / 11 / 1440, as amended by the Royal Decree No. (M / 05) of 07 / 01 / 1442; and having reviewed the Implementing Regulations of the Labor Law issued by the Ministerial Decision No. (70273) of 11 / 04 / 1440 H as amended by the Ministerial Decision No. (54908) of 16 / 03 / 1441 H, as amended by the Ministerial Decision No. (142906) of 13 / 08 / 1441 H, as amended by the Ministerial Decision No. (146481) of 07 / 09 / 1441 H, as amended by the Ministerial Decision No. (3485) of 07/01/1442, as amended by the Ministerial Decision No. (51848) of 19 / 03 / 1442,

Hereby decides as follows

- I. Approve the conditions to practice the Saudis employment activity; Annex No. (3) of the Implementing Regulations of the Labor Law under the enclosed form;
- II. This Decision shall revoke all the decisions in contrary thereto;
- III. This Decision shall be published in the Official Gazette and the Website of the Ministry of Human Resources and Social Development, and shall come into force from the date of publication; and
- IV. The Deputy Minister shall take all the necessary actions for the implementation of the present decision.

God Bless,

Minister of Human Resources and Social Development

Eng. Ahmed Bin Suleiman Al-Rajhi

//Stamped: the Minister's Office, Ministry of Human Resources and Social Development, Kingdom of Saudi Arabia//

## Ministerial Decision

The Minister of Human Resources and Social Development,

In exercise of the powers duly conferred upon him,

Having reviewed Article (II bis), and Article (30) of the Labor Law promulgated by the Royal Decree No. (M / 51) of 23 / 08 / 1426 H, as amended by the Royal Decree No. (M / 24) of 12 / 05 / 1434 H, as amended by the Royal Decree No. (M / 1) of 22 / 01 / 1435 H, as amended by the Royal Decree No. (M / 46) of 05 / 06 / 1436 H, as amended by the Royal Decree No. (M/14) of 22 / 02 / 1440 H, as amended by the Royal Decree No. (M / 134) of 27 / 11 / 1440, as amended by the Royal Decree No. (M / 05) of 07 / 01 / 1442; and having reviewed the Implementing Regulations of the Labor Law issued by

### Minister's Office

the Ministerial Decision No.(70273) of 11 / 04/ 1440 H as amended by the Ministerial Decision No. (54908) of 16 / 03 / 1441 H, as amended by the Ministerial Decision No. (142906) of 13 / 08 / 1441 H, as amended by the Ministerial Decision No. (146481) of 07 / 09 / 1441 H, as amended by the Ministerial Decision No. (3485) of 07/01 /1442, as amended by the Ministerial Decision No. (51848) of 19 / 03 / 1442,

### Hereby decides as follows

- I. Approve the conditions to practice the Saudi employment activity; Annex No. (3) of the Implementing Regulations of the Labor Law under the enclosed form;
- II. This Decision shall revoke all the decisions in contrary thereto;
- III. This Decision shall be published in the Official Gazette and the Website of the Ministry of Human Resources and Social Development, and shall come into force from the date of publication; and
- IV. The Deputy Minister shall take all the necessary actions for the implementation of the present decision.

God Bless,

Minister of Human Resources and Social Development

Eng. Ahmed Bin Suleiman Al-Rajhi

Shalagan 24/09/1442 H

CC.

Our Office;  
The Executive General Supervisor of Branch Support;  
The Media Center and the Directorate General of Institutional Communications;  
The Deputy Minister of labor affairs and the Assistant Minister of Recruitment Affairs;  
The General Supervisory Administration on Recruitment Firms and Offices;  
Managers of Ministry Branches in Provinces; and  
The General Administration of Legal Affairs.

Annex No. (3)

Rules and Controls for

**Outsourcing the Employment of Saudis**

**And Temporary Local Manpower Services (Supporting Saudis)**

## Minister's Office

### Part I: Preliminary Provisions

#### Article (1)

In these Rules, the following terms and expressions shall have the meanings ascribed thereto, unless the context requires otherwise:

Ministry: The Ministry of Human Resources and Social Development (HRSD);

Rules: The rules and controls of practicing the activity of outsourcing the employment of Saudis and temporary local manpower services;

Licensee: Any office or firm practicing the activity of outsourcing the employment of Saudis and temporary local manpower services, licensed by the Ministry to practice the activity regulated under these Rules;

Work applicant: Any Saudi citizen applying for work according to the provisions of these Rules;

Employer: Any natural or legal person seeking one or more Saudi workers according to the provisions of the present Controls;

Employment Outsourcing: Providing staffing service of Saudis for the benefit of employers in Saudi Arabia;

Provision of Temporary Local Manpower Services: Outsourcing Saudi manpower to third parties, via the electronic system approved by the Ministry for establishments, provided that the Saudi worker is registered and has an employment contract with the Licensee;

Electronic System: The system approved by the Ministry of Human Resources and Social Development for outsourcing Saudi manpower to third parties (Saudi supporting system);

Business: Any company engaged in the employment of Saudis, licensed to practice the activity of employment and provision of Saudi manpower; according to the provisions of these Rules;

Branch of a Commercial Entity classified as a Human Resources Company: Granted to a human resources company according to the classification of the Rules for Practicing the Recruitment Activity and Providing Labor Services stipulated in Annex No. (4) of the Implementing Regulations of the Labor Law issued by the Ministerial Decision No. (136241) of 19/ 07/ 1442H as amended from time to time, for outsourcing or provision of Saudi labor services to third parties according to the provisions of these Rules;

License: License granted by the Ministry to the applicant who fulfills the conditions and requirements stipulated in these Rules and the relevant regulations, authorizing the applicant to practice the licensed activity, according to these Rules;

Applicant: The legal person or the owner of the establishment who applies to the Ministry for a license to engage in outsourcing or provision of temporary local manpower services, in accordance with the provisions of these Rules;

Initial approval: An approval granted by the Ministry to the applicant, which directs it to establish a recruitment company or office, in accordance with the provisions of these relevant rules and regulations.

#### Article (2)

These Rules aim to regulate the licenses to engage in the activities of outsourcing the employment of Saudis and the provision of temporary local manpower services, in accordance with the provisions of these Rules.

**Minister's Office**

**Part II: License Provisions**

Article (3)

The activities subject to these Rules are classified as follows:

S	Commercial Entity	Category	Permitted Activities
1	Sole proprietorship	Outsourcing the employment of Saudis	<ul style="list-style-type: none"> <li>● Outsourcing the employment of Saudis Activity</li> </ul>
2	Limited liability or joint stock company	Outsourcing and provision of temporary local manpower services	<ul style="list-style-type: none"> <li>● Outsourcing the employment of Saudis Activity</li> <li>● Provision of temporary local manpower services</li> </ul>
3	Human resources company branch	Outsourcing and provision of temporary local manpower services branch	<ul style="list-style-type: none"> <li>● Outsourcing the employment of Saudis Activity</li> <li>● Provision of temporary local manpower services</li> </ul>

Article (4)

- A. In order to obtain a license to engage in (outsourcing the employment of Saudis), the applicant must:
1. Be Saudi;
  2. Be not less than twenty-five years of age;
  3. Hold at least a bachelor degree, or a high school diploma with at least three years of experience in the field of employment; and
  4. Not have been convicted of a crime involving moral turpitude or trafficking in persons, unless he has been rehabilitated.
- B. In order to obtain a license to engage in (outsourcing the employment of Saudis and the provision of temporary local manpower services), the following conditions must be satisfied:
1. The Business must be a limited liability or a joint stock company, according to the provisions of the Companies Law;
  2. The company's capital shall be wholly owned by Saudi natural or legal persons;
  3. The company must be incorporated for the purpose of outsourcing the employment of Saudis and the provision of temporary local manpower services;
  4. The natural person – one or more founding or non-founding partner(s), must:
    - a. Saudi national;
    - b. Not have been convicted of a crime involving moral turpitude or trafficking in persons, unless he has been rehabilitated;
    - c. Not had previously obtained a license to engage in outsourcing the employment of the Saudis, had been a founding or non-founding partner in a company licensed to engage in outsourcing the employment of Saudis, or had been a partner – founder or non-founder – of a company previously licensed to engage in employment or the provision of temporary local manpower services, and the license was revoked as a penalty not more than (3) years before;
    - d. The legal person – founding or non-founding partner(s) – fulfills the minimum level of Saudization;
    - e. The manager(s) of the company must fulfill the conditions of section (A) of this Article throughout the whole license period.

## Minister's Office

### Article (5)

To engage in outsourcing the employment of Saudis and the provision of temporary local manpower services, an initial approval must be obtained under the following procedures and controls:

- A. The applicant, or his representative shall submit an application for the preliminary approval to issue the license. The application for initial approval shall include the name, identity number, or a list of names and national identity numbers for the applicant (s), along with the following:
  1. Copy of the company's articles of association, if the business is a company; or
  2. Copy of the articles of association of the company owning the company branch, if the license is requested for a company branch; and
  3. Applicant's work plan and feasibility study for five calendar years.
- B. After consideration of the application, the Ministry may take one of the following decisions:
  1. Grant the applicant an initial approval. A preliminary license is issued thereby authorizing the applicant to proceed with the procedures within (90) days from the issuance of such preliminary license. If the Ministry deems otherwise, it may withdraw or cancel the initial approval, unless the Ministry accepts the justification provided thereto by the applicant; or
  2. Reject the application, provided that the decision is justified in this case.

### Article (6)

If the Ministry decides to reject the application, or withdraw or cancel the initial approval after issuance thereof, then it is not permissible for the holder of that approval to submit another license application before the lapse of one year from the date of notifying the applicant of the decision to reject the application, or withdraw or cancel the approval.

### Article (7)

Upon completion of the activity licensing procedures, the applicant shall submit the following documents:

- a) The applicant, or the representative thereof, submits an application to obtain the operating license, enclosed with the following documents:
  1. Valid and approved copy of the commercial registry of the company;
  2. Copy of the articles of association, if the business is a company;
  3. Copy of the title deed, or the certified lease of the headquarters;
  4. The filled out data form and required acknowledgements;
  5. Email of the licensee;
  6. Bank guarantee from the applicant to obtain a license to engage in outsourcing the employment of Saudis and the provision of temporary local manpower services of (SAR 300,000) three hundred thousand Saudi riyals, provided that the bank guarantee is irrevocable and issued by a local bank on the form approved by the ministry;
  7. Bank guarantee from the applicant to obtain a license to engage in outsourcing the employment of Saudis of (SAR 100,000) one hundred thousand Saudi riyals, provided that the bank guarantee is irrevocable and issued by a local bank on the form approved by the ministry;
- B. After consideration of the application, the Ministry may take one of the following decisions:
  1. Approve the application and issue an operating license by the Ministry; or
  2. Reject the license application, provided that the decision is justified. In this case, the initial approval decision is nullified.
- C. Upon practicing activity, the licensee shall open a file and register the license details with the competent labor office.

### Article (8)

### Minister's Office

1. The license shall be valid for five years.
2. The license is renewable for five years, according to the following procedures:
  - A. The licensee, or the representative thereof, shall submit to the Ministry a request to renew the license, on the designated form, sixty days prior to the expiry of the license period, along with the following documents:
    1. A report on the work and performance of the company during the existing license period.
    2. Updated bank guarantee as per the classification.
    3. Any other document(s) required by the Ministry.
  - a. After consideration of the request, the Ministry may take one of the following decisions:
    3. Renew the license and issue the license for a new term; or
    4. Reject the license renewal request, provided that the decision is justified.

If the renewal request is reviewed, the licensee must stop practicing the activity after the expiry of the license, the activity shall be deregistered with the competent authorities, and the applicant must fulfill its obligations against its staff, job applicants and client employers, while the natural and legal persons in the licensed company remain liable before the company for any violations, or actions that have created rights for third parties.

#### Article (9)

Where the licensee wishes to cancel the license, he shall submit a license cancellation request to the Ministry on the designated form, along with the following:

- a. Letter from the licensee requesting the cancellation of the operating license;
- b. The licensee must submit a proof of the deregistration of the activity with the competent authorities, and the absence of all claims / complaints against the license and an acknowledgement to fulfill all the obligations arising from the license requested to be cancelled; and
- c. The original license must be submitted, if printed.

In this case, the licensee must stop practicing the activity from the date of submission of the cancellation request. The licensee must inform the relevant authorities within a maximum period of (60) days of the license cancellation date. The licensee shall settle all his obligations towards his staff, job applicants and client employers. The natural and legal persons in the licensed company or the partners shall remain subject to the authority of Ministry and liable before the Ministry for any violations found, or actions that have created rights for third parties. Where the licensee fails to honor his obligations in due time, the Ministry may deduct the amount corresponding to such obligations from the bank guarantee in fulfillment thereof.

## Part III: Outsourcing the Employment of Saudis

#### Article (10)

The practice of the activity of outsourcing the employment of Saudis shall follow the below procedures:

1. Collect accurate information from employers about vacant jobs, particularly the job title, occupation, work site, salary, specific benefits, qualifications, experience, and other required conditions and tenure;
2. Receive applications of job applicants;
3. Mediate in the employment of job applicants to assign them jobs that suit their capabilities, qualifications, experiences, and specialties.

#### Article (11)

### Minister's Office

Without prejudice to the employer's statutory rights arising from the employment contract, during the probation period defined in the employment contract, the licensee shall be responsible for the Saudi worker he mediated for his / her employment, provided that such responsibility is limited by the refund of the fees received by the licensee from the employer, during the agreed probation period, if the worker:

1. Refuses to work or leaves work for reasons not attributable to the employer; or
2. Fail to perform his duties under the employment contract concluded with him / her.

#### Article (12)

The worker whose employment is outsourced by the licensee is considered an employee of the employer, and a direct contractual relationship is thereby established between the employer and the Saudi worker, so that the employer is responsible for the payment of all the worker's financial rights arising from that relationship.

### Part IV: Provision of Temporary Local Manpower Services

#### Article (13)

The practice of the activity of provision of temporary local manpower services shall follow the below procedures:

1. The licensee shall duly recruit and register Saudi workers in the company according to relevant laws;
2. Make employment contracts for the purpose of outsourcing Saudi manpower services to third parties, and their enrollment in the insurance prior to serving in the beneficiary establishments;
3. Enroll all Saudi workers in the electronic system approved by the Ministry;
4. The licensee shall be fully responsible for the Saudi worker under the Labor Law;
5. Informing Saudi workers about the mechanism of the provision of temporary local manpower services, explaining the worker's rights and obligations prior to serving in the beneficiary establishments;
6. Provision of the services of the Saudi worker to beneficiary establishments through the electronic system approved by the Ministry.

#### Article (14)

Upon the documentation of the process of the provision of Saudi worker(s) services in the approved electronic system, a contractual relationship is established between the licensee to provide temporary local manpower services and the beneficiary establishments benefiting from the services of Saudi workers.

#### Article (15)

The worker registered in the Saudi outsourcing system shall be considered an employee of the licensee, throughout the period of the made agreement, with the right to provide the worker's services to the establishments desiring to use his / her services. Accordingly, a direct contractual relationship is established between the licensee and the Saudi worker, whereby the licensee becomes liable of the payment of all the worker's financial rights arising from such relationship.

#### Article (16)

1. The licensee must enter into contracts or agreements with the establishments benefiting from the provision of temporary local manpower services, provided that the parties register the relationship with the workers they agreed on outsourcing their services in the system approved by the Ministry;
2. The licensee must explain the rules of the contractual relationship to the beneficiary establishments before entering into contract therewith.



## Minister's Office

### Part V: Obligations of the Licensee

#### Article (17)

The licensee shall not:

- a. Open a branch thereof at the same city or any other city without the approval of the Ministry;
- b. Outsource the employment or provide the services of expatriate workers within or outside Saudi Arabia, unless he is authorized for the same;
- c. Engage in any of the practice that constitute trafficking in persons or provide assistance in the same according to the Anti-Trafficking in Persons Law and the international conventions ratified by Saudi Arabia;
- d. Engage in any of the practices that constitute an assault on the workers or assistance in the same;
- e. Outsource the employment of children and minors in contrary to the Labor Law, including the cases where the licensee is aware that the child's age provided in the submitted documents is not to prove his / her eligibility for work is not his / her real age;
- f. Deal with an employer who practice any of the works constituting, facilitating, or contributing to trafficking in persons, an assault on workers, or employment of children;
- g. Undertake any actions that help in fictitious employment in the employer's;
- h. Provide temporary local manpower services without electronic documentation.

#### Article (18)

The licensee may not directly or indirectly lease or assign the license to third parties in any manner whatsoever, whether for a monetary consideration or not.

#### Article (19)

The licensee must practice his activity within no more than (180) working days of the date the license is issued thereto.

#### Article (20)

The licensee is required to:

- a. Engage in the licensed activities only;
- b. Operate the activity of outsourcing and the provision of temporary local manpower services in an independent place from any other commercial activities of the licensee;
- c. All works in the company shall be reserved for Saudis only;
- d. In his operations, the licensee shall use the Saudi vocational Classification Guide;
- e. The licensee may collect fees from the employer for providing its services, provided that no amounts are taken from the job applicant to mediate for his/ her employment or provide services to third parties;
- f. The licensee shall assume the administration of his company himself, and he may appoint a representative who satisfy that the conditions provided in Article (4), section (A) of these Rules;
- g. Hire a Saudi manager who fulfills the requirements provided in these Rules;
- h. Maintain the confidentiality of the data and information obtained as a result of practicing the activity, and refrain from sharing the same with third parties without the approval of the Ministry. The licensee shall provide such information to the Ministry, upon request.

#### Article (21)

## Minister's Office

The licensee shall:

1. Consider and address client complaints;
2. Develop clear procedures for receiving, documenting, considering and resolving client complaints within the period specified by the Ministry, from the date of receiving it;
3. Provide the necessary information and details to the client to demonstrate the mechanism of submitting and tracking the complaint;
4. Close the complaint within the period prescribed by the Ministry, with the commitment to resolve the complaint in accordance with the operational indicators for addressing and resolving complaints;
5. Abide by the electronic systems adopted by the Ministry for addressing complaints.

## Part VI: Violations and Penalties

### Article (22)

The Ministry may revoke the license in the following cases:

- a. If the licensee failed to start practicing the activity within a maximum period of (one hundred and eighty) working days from the date of issuing license, unless the cease is for a reason acceptable to the Ministry;
- b. Expiry of the license, if the licensee did not submit a request for renewal thereof, unless the non-renewal is for a reason acceptable to the Ministry;
- c. If the licensee lacks one or more of the preliminary conditions required in the license applicant;
- d. If the documents provided by the licensee, on the basis of which the license was granted, were found untrue;
- e. If the details provided by the licensee were found incorrect;
- f. If it is established that the licensee outsources or assists in the employment of non-Saudis, except for the companies authorized for the same;
- g. If the licensee is found to engage in other activities that are unrelated to the licensed activity;
- h. If the licensee fails to top-up the bank guarantee with the amount withdrawn from it within the time limit;
- i. Providing temporary local manpower services while the Saudi worker does not begin working for the beneficiary establishments;
- j. Any serious violation found in relation to outsourcing the employment of Saudis or the provision of Saudi manpower services to third parties.

### Article (23)

The Ministry may suspend the services provided to the licensee by the Ministry and the relevant authorities, and / or withdraw any amounts from the bank guarantee submitted by the licensee for the payment of the licensee's obligations, after granting him a period of fifteen days from the date of informing the licensee to fulfill such obligations, if any of the following is found:

- a. The licensee fails or refuses to pay the entitlements of his Saudi or non-Saudis subordinates or pay the costs of their return to their countries, as well as the resulting fines or penalties;
- b. The licensee fails or refuses to refund the amounts he received from the employers in return for performing his licensed activity that he did not perform;
- c. In implementation of a final court decision or judgment issued against the licensee;
- d. The penalties imposed by the Ministry on the licensee under the Labor Law;

### Minister's Office

- e. Any other amounts that the Ministry deems appropriate to recover from the bank guarantee as a result of applying the provisions of these Rules. The licensee must top-up the bank guarantee with the amount of the decrease therefrom within (30) days of the date of his notification of the withdrawal.

#### Article (24)

In the event a decision is issued to impose the penalty of the final closure of the licensee, or the cancellation of the license according to the provisions of these Rules, the licensee shall liquidate its business within (60) days from the date of informing it of the same. The licensee may not be granted a new license before the lapse of three years from the date of the closure, or cancellation.

#### Article (25)

The Ministry or the assignee thereof shall be responsible for the consideration and resolution of the complaints relating to the practice of the activities provided for in these Rules, and enforcing the same on the licensee. The Ministry may also take any of the following actions:

1. Advise the parties to resort to the court of proper jurisdiction;
2. Refer the violations to the provisions of these Rules to the violation control officials to record the violation and enforce the applicable actions to impose the penalty provided for in the schedule of violations and their corresponding penalties, as approved by the Ministry; or
3. Suspend the services, revoke the license or withdraw from the bank guarantee of the licensee, if he violates the provisions of these Rules, breaks the prescribed limits to address and resolve complaints, or fails to implement the defined solution via the complaint management system.

## Part VII: General Provisions

#### Article (26)

The Ministry may apply, supervise and oversee the implementation of the provisions of these Rules. The work inspectors shall be responsible to record the violations to these Rules as per the work inspection provisions stipulated in the Labor Law. To this end, the Ministry may issue a the schedule of violations and penalties for the provisions of these Rules.

#### Article (27)

The activities listed in these Rules may only be practiced by a company specifically established for this purpose, after obtaining a license from the Ministry according to the conditions and procedures outlined in these Rules. Otherwise, the Ministry may apply the penalties prescribed in the schedule of violations and penalties.

#### Article (28)

The licensee is not allowed, to lease or assign the license to third parties, directly or indirectly, or make any changes to, add or replace any of the partners without a prior written approval by the Ministry.

#### Article (29)

The licensee is required to link electronically to the Ministry and stakeholders, and require them to register in the electronic system of the control of outsourcing Saudi manpower services.

#### Article (30)

### Minister's Office

The concerned deputy minister shall consider the licensees' violations to the provisions of these Rules and the directives of the Ministry. The deputy minister may take any of the following actions:

- a) Temporarily suspend any or all of the activities or services the licensee is permitted to practice;
- b) Suspend the services provided to the licensee by the Ministry or the stakeholders;
- c) Withdraw from the bank guarantee;
- d) Withdraw license;
- e) Suspend license;
- f) Revoke license upon the request of the licensee.

### Article (31)

The Ministry shall form a 3 member committee including a legal counsel to consider the grievances against the decisions of the competent deputy minister referred to in Article 30. Upon consideration and validation of the grievances, the Committee may reject the grievance or amend the decision. Committee decisions shall be approved by the deputy minister or his assignee.