



## KINGDOM OF SAUDI ARABIA: DRAFT NEW ARBITRATION LAW ISSUED FOR CONSULTATION

The Saudi National Competitiveness Center (SNCC) of the Kingdom of Saudi Arabia has announced the issuance of a draft arbitration law ("**Draft Arbitration Law**") which forms part of the Kingdom's broader efforts "to develop and modernize the regulatory framework of arbitration in order to keep pace with the latest global trends, with the objective of strengthening the fundamental infrastructure for dispute resolution in the Kingdom as one of the most significant means of settlement, particularly in commercial matters, and of enhancing perceptions of arbitration in the Kingdom in a manner that positively reflects on the relevant international indicators".

In pursuit of this objective, the Draft Arbitration Law has been published for public consultation, inviting comments from stakeholders until 24 October 2025. The Draft Arbitration Law may be amended based on such consultation. The final approved version of the law is intended to come into force 30 days after its publication in the Official Saudi Gazette.

### BACKGROUND

The Draft Arbitration Law follows a recent June 2025 resolution of the Saudi Council of Ministers, which called for a wide-ranging review of the current arbitration regime. The resolution aimed to enhance procedural efficiency, transparency, and the Kingdom's alignment with international best practice, including measures to improve judicial transparency and aid the integration of arbitration, including institutional arbitration, within the national judicial system. Saudi Arabia's current arbitration law of 2012 (as amended by an executive regulation in 2017) was a major milestone, reflecting many principles of the UNCITRAL Model Law, and it introduced a modern, arbitration-friendly framework emphasizing party autonomy and limited court interference. The Draft Arbitration Law seeks to continue to enhance and develop the Kingdom's arbitration regime.

## KEY DEVELOPMENTS IN THE DRAFT ARBITRATION LAW

A few observations include (amongst other things):

- **Governing Law of the Arbitration Agreement (Article 11):** The arbitration clause will be governed by the law chosen by the parties, or—absent agreement—by the law of the seat of arbitration, i.e., the *lex arbitri*. This aligns Saudi practice with the UNCITRAL Model Law.
- **Arbitrator Qualifications (Article 20):** Arbitrators must be natural persons of full capacity. This proposed article would replace the current requirement for a sole arbitrator to have a university degree in Shariah law (or, in the case of a 3-person tribunal, for the chairman to have such a qualification), thereby giving parties more flexibility to appoint arbitrators and entire tribunals from non-Shariah backgrounds, such as arbitrators with technical knowledge and expertise in a particular field.
- **Nationality (Article 20):** The Draft Arbitration law expressly recognises that arbitrators can be of any nationality and parties can agree on the same.
- **Arbitrator Immunity (Article 27):** Arbitrators can dispose of their duties without any liability save for cases of “fraud or gross professional misconduct”, thereby aiming to bring the Draft Arbitration Law in line with international standards and offering welcome reassurance to those serving as arbitrators.
- **Arbitral Awards (Article 52):** The Draft Arbitration Law modernizes the issuance of awards by expressly recognising that arbitral awards may be signed by electronic signature, including from outside the country. Arbitral awards are deemed issued at the seat of arbitration and are no longer needed to be deposited with a competent local Saudi court.





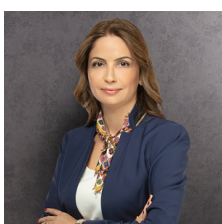
- **Tribunal Jurisdiction (Article 28):** The Draft Arbitration Law in line with the current arbitration law continues to expressly recognise the fundamental principle of “kompetenz-kompetenz”, namely that an arbitral tribunal may rule on its own jurisdiction, including with respect to any objections with respect to the non-existence, termination, invalidity of the arbitration agreement or non-applicability of the arbitration to the subject matter of a given dispute.
- **Annulment of Arbitral Awards on Shariah Law Violations (Article 61):** The Draft Arbitration Law, in line with the current arbitration law continues to recognise that an arbitral award may be set aside if it violates Islamic Shariah (as well as public policy); however, it is to be seen how applicable this is in practice.
- **Joinder (Article 37):** The Draft Arbitration Law expressly permits that tribunals may permit the joinder of a party to proceedings provided the relevant party “is a party to the arbitration agreement”.
- **Government Participation:** The Draft Arbitration Law is moot on the current prohibition that government authorities may only agree to arbitration with the approval of the Prime Minister. It remains to be seen whether this provision will reappear in the final issued law or whether practical procedures will evolve accordingly.

## LOOKING AHEAD

The Draft Arbitration Law reflects the Kingdom’s continued ambition to strengthen its arbitration framework and enhance its position as a modern, pro-arbitration jurisdiction. By aligning more closely with the UNCITRAL Model Law, it supports Saudi Vision 2030’s goal of establishing a trusted and globally competitive dispute resolution environment. While certain areas would benefit from further clarification, it remains to be seen whether any amendments will be introduced to the Draft Arbitration Law.

This article is intended to provide general guidance and does not constitute any form of legal advice. Readers should obtain specific legal advice tailored to their individual circumstances when necessary.

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