

Upcoming Changes to the Saudi Arbitration Law

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Introduction

On **24 June 2025**, the Saudi Council of Ministers issued a landmark resolution directing a comprehensive overhaul of the Kingdom's arbitration framework.

In line with that mandate, the National Competitiveness Center has published a Draft Arbitration Law ("**Draft Law**") for **public consultation**, open until **24 October 2025**.

As the consultation period unfolds, it is timely to examine the most notable proposed changes to the Saudi Arbitration Law (Royal Decree No. M/34 dated 24/05/1433 AH (corresponding to 16/04/2012), assess their implications, and consider how practitioners and clients can navigate this transition.

Key Changes Proposed

Below are some of the most significant amendments proposed in the Draft Law compared with the current regime:

1. Choice of Governing Law for Arbitration Agreements

The Draft Law confirms that arbitration agreements are governed by the **law chosen by the parties**, or, if not specified or agreed by the parties, by the **law of the seat**. This marks a departure from the current law, which, in the absence of party agreement, leaves the determination of

applicable procedures entirely to the tribunal's discretion.

2. "Award" Redefined

The Draft Law provides a more precise and expansive definition of "award," covering decisions on the merits, interim or partial awards, but excluding "administrative" decisions about case management. By expressly categorizing interim and partial decisions as "awards", the Draft Law helps clarify that such decisions may qualify for recognition and enforcement, mitigating prior ambiguity around the requirement of finality.

3. Jurisdiction of Courts Over Arbitration Matters

Under the current law, applications for annulment and enforcement of arbitral awards were generally heard by the Court of Appeal in the region where the case was first brought or location of the parties. However, there is no explicit centralisation of jurisdiction and no clear distinction between domestic and international arbitrations. Moreover, the law does not clearly define which court should hear disputes concerning the existence or validity of an arbitration agreement.

The Draft Law introduces greater clarity and structure by expressly allocating jurisdiction over arbitration-related

matters. Default jurisdiction now rests with the Commercial Court of Appeal in Riyadh, over all international commercial arbitrations, unless the parties agree on another appellate court within the Kingdom.

4. **Eligibility Requirements for Arbitrators**

Under the draft, arbitrators must possess **full legal capacity** and **not be deprived of civil rights** due to criminal conviction. The prior requirement — that arbitrators hold a university degree in Sharia or law — is removed. The Draft Law also allows for parties to agree on the nationality of the arbitrator.

5. **Modern Communication / Service Provisions**

The draft expressly recognizes **email and mobile addresses** as valid “postal addresses.” Emails are deemed received on dispatch (unless there is an error).

Implications

The proposed Draft Law represents a significant step forward in modernising Saudi Arabia’s arbitration framework. Its provisions carry important implications for both domestic users and the wider international arbitration community, including parties in the UAE and across the Gulf region:

1. **Enhanced Legal Certainty and Party Autonomy**

The express recognition that arbitration agreements are governed by the law chosen by the parties, or otherwise by the law of the seat, provides much-needed clarity. This brings Saudi law into closer alignment with international standards and reinforces contractual freedom — a

welcome development for cross-border transactions involving Saudi parties.

2. **Streamlined Judicial Oversight**

The clearer allocation of jurisdiction of international commercial arbitration oversight in Riyadh, offers predictability and consistency. For international parties and counsel, knowing which court has competence to hear nullification or enforcement actions reduces procedural uncertainty and strengthens confidence in Saudi-seated arbitrations.

3. **Access to Wider Pool of Arbitrators**

Removing the requirement for arbitrators to hold degrees in Sharia or law opens the door to a more diverse and internationally recognised pool of arbitrators even from non-legal expertise. This change will likely make Saudi-seated arbitration more attractive to multinational corporations and align it with UNCITRAL model.

4. **Procedural Modernisation and Efficiency**

By recognising electronic communication — including emails and mobile addresses — as valid for service and correspondence, the draft embraces technological progress and reduces administrative delays. This modernization is consistent with global arbitration best practices and will enhance efficiency for parties and institutions operating across borders.

Conclusion

Overall, the Draft Law demonstrates the Kingdom’s clear intent to further modernise and align its arbitration regime with international standards. If implemented effectively, it could greatly enhance the

Kingdom's appeal as an arbitration-friendly jurisdiction.

However, some areas warrant close monitoring. For instance, the practical application of the new jurisdictional framework and the readiness of courts to handle international arbitration matters consistently, will be crucial.

Until the final law and implementing regulations are issued, parties should exercise caution in drafting arbitration clauses and seek advice on how the reforms may affect existing and future contracts.

As the public consultation remains open until 24 October 2025, stakeholders should

actively review and comment on the proposed provisions.

Our dedicated arbitration and dispute resolution team—is well equipped to advise on potential risks and opportunities arising from the evolving arbitration framework and to provide end-to-end support in arbitral proceedings. The team offers both strategic guidance on dispute avoidance and robust representation across leading institutions and sectors, ensuring effective and commercially focused advocacy at every stage.

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