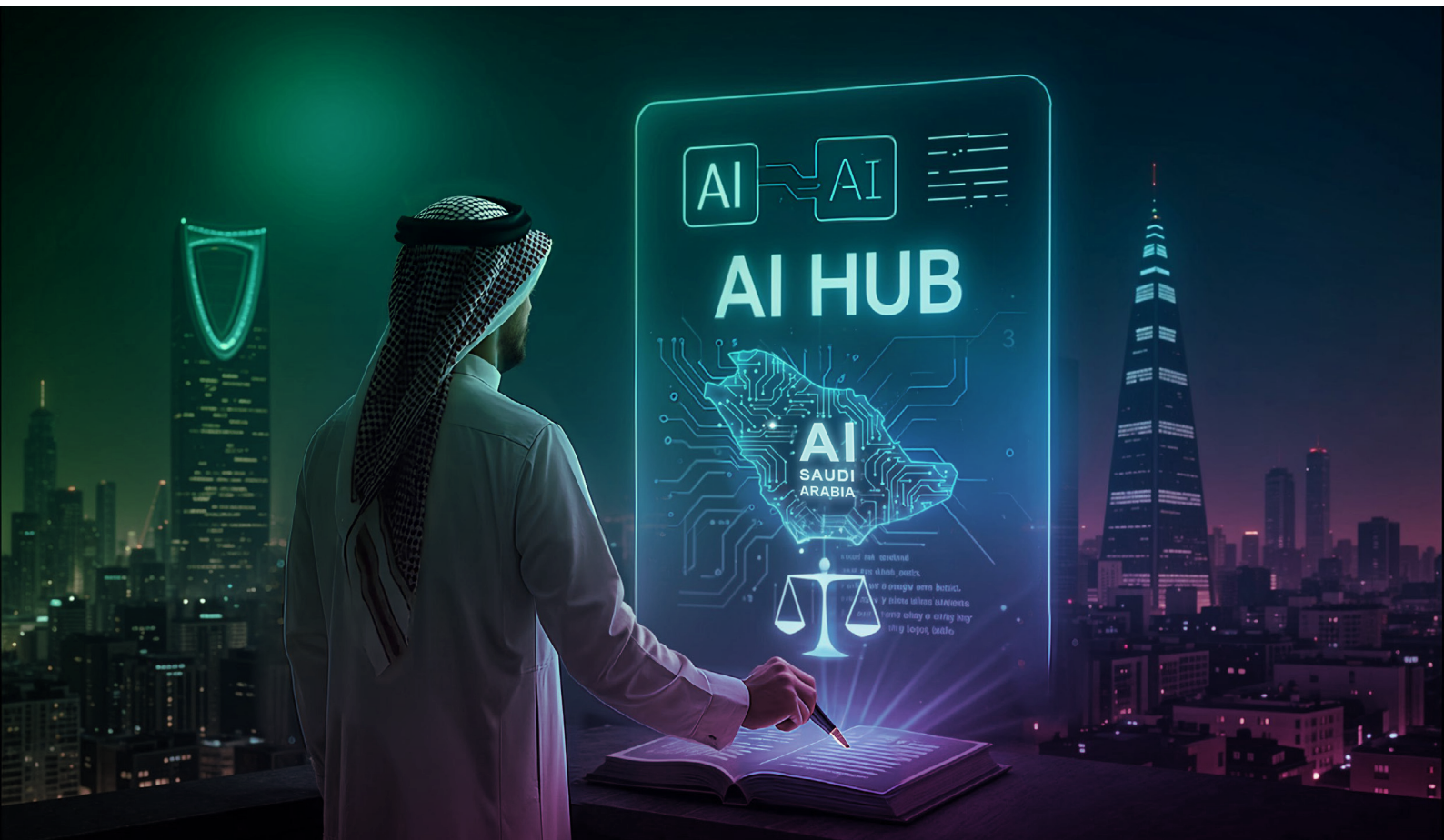## SAUDI ARABIA'S
DRAFT GLOBAL AI HUB LAW

As Saudi Arabia drives its digital transformation under Vision 2030, the Kingdom has introduced the Draft Global AI Hub Law, a notable legislative move to position itself as a global leader in artificial intelligence. Issued by the Communications, Space and Technology Commission, the draft law sets out a comprehensive framework for regulating AI hubs, encouraging foreign investment, safeguarding data sovereignty, and aligning with international best practices.

Introduction

As artificial intelligence (AI) continues to transform global industries and redefine economic priorities, Saudi Arabia is taking a proactive legislative approach to enhance its leadership in the field. In alignment with Vision 2030 and the National Strategy for Data & Artificial Intelligence (NSDAI), the Kingdom has introduced a groundbreaking legislative initiative: the Draft Global AI Hub Law.

Issued by the Communications, Space and Technology Commission (CST) on April 14, 2025, the draft law is designed to position Saudi Arabia as a global destination for AI innovation and investment. It proposes a legal framework to regulate the development, deployment, and governance of AI technologies, while also encouraging the establishment of sovereign data centers or "AI hubs" within the Kingdom's jurisdiction. These hubs aim to attract both foreign governments and participation by private sector entities, offering a secure and strategically regulated environment for AI infrastructure and operations.

Objectives of the Draft Law

Positioning Saudi Arabia as a Global AI Leader

Saudi Arabia aims to be at the forefront of AI innovation as part of its Vision 2030 and the National Strategy for Data & Artificial Intelligence (NSDAI). The law supports this ambition by:

- Offering a clear, competitive legal environment for investments by foreign entities in ventures involving AI.
- Attracting global partnerships with governments, companies, and institutions to build advanced AI "hubs" in the Kingdom.
- Establishing Saudi Arabia as a focal point for sovereign AI infrastructure in the MENA region.

Enabling Legal Certainty and Investor Confidence

The draft law seeks to create a clear legal framework that encourages long-term investment by:

- Defining the rights and obligations of AI hub operators, including foreign entities.
- Clarifying regulatory jurisdiction, liability, and dispute resolution mechanisms.
- Minimizing legal uncertainty in cross-border data protection, data governance and AI deployment.

This fosters predictability and legal security, both key to attracting sophisticated international stakeholders.

Protecting National Sovereignty and Data Jurisdiction

AI hubs will host large volumes of sensitive and strategic data. The draft law ensures that:

- All data generated or stored within the Kingdom is subject to Saudi jurisdiction.
- Foreign operators must comply with Saudi regulations on data handling, cybersecurity, and code of ethics.
- The state retains legal authority over AI activities that may impact national security, critical infrastructure, or public policy.

Facilitating Technological Innovation under Legal Oversight

While fostering innovation, the law also ensures a regulated environment by:
- Requiring registration and approval of AI technologies and activities.
- Creating criteria for AI hubs that align with Saudi ethical standards, data privacy laws, and technology goals.
- Supporting responsible experimentation and development through a well-defined regulatory sandbox.

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Supporting Cross-Border Digital Infrastructure Investment within a Saudi Legal Framework

The draft law encourages international collaboration and investment by enabling:

- Foreign governments and companies to operate within Saudi Arabia under transparent legal conditions.
- Development of digital infrastructure like data centers, machine learning labs, and AI platforms, all under the Saudi legal protection.
- Legal frameworks for managing cross-border data flows, ownership rights, and export/import of digital services.
- Providing a transparent mechanism for investors and collaborations to enjoy the fruits of success and IP rights over technologies and innovations.

Ensuring Compliance with International Best Practices

The law aligns with global trends in AI regulation and governance by:

- Reflecting elements from the EU AI Act, OECD AI Principles, and UNESCO guidelines.
- Demonstrating Saudi Arabia's readiness to engage in multilateral AI governance discussions.
- Attracting entities looking for jurisdictions with forward-looking, internationally credible regulations.

🏛 Key Provisions of the Draft Global AI Hub Law

Licensing & Registration

The draft law mandates that any entity, whether local or international, that intends to establish or operate an AI hub in Saudi Arabia must register and obtain a license from the Communications, Space & Technology Commission (CST).

هيئة الاتصالات والفضاء والتقنية
Communications, Space & Technology Commission

This applies to both physical infrastructure and AI technologies deployed within these hubs. The licensing system includes strict eligibility criteria, particularly for foreign governments and private sector entities, ensuring only qualified and compliant participants will be licensed to operate. The goal is to maintain national security while encouraging trusted international collaboration.

Jurisdiction & Sovereignty

The law asserts that all activities and data hosted within the AI hubs, regardless of the nationality of the operators will be governed by the relevant laws of Saudi Arabia. These hubs are treated as "sovereign digital spaces" subject to local regulations, particularly vis-à-vis data localization. This means that all sensitive or critical data must be stored and processed within Saudi borders, and any cross-border data transfer must be explicitly approved by the government prior to transfer. This approach enhances Saudi Arabia's digital sovereignty and safeguards its critical infrastructure.

Data Protection & Privacy

The draft law is closely aligned with the Saudi Personal Data Protection Law (PDPL) and introduces additional AI-specific safeguards. Operators must implement robust security protocols, obtain informed consent from data subjects, and maintain clear accountability mechanisms. This ensures that personal data used in AI systems is handled ethically and lawfully. Moreover, AI hubs must take proactive steps to prevent data misuse and establish clear procedures for user redress in case of violations.

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Liability & Dispute Resolution

The entities operating AI hubs will bear legal responsibility for any harm, misuse, or breaches arising from AI systems under their control. The law outlines that clear contractual agreements must be in place, specifying liability distribution among partners or third parties involved. In cases of disputes, whether regulatory, technical, or user-based, the law provides a framework for resolution, primarily governed by Saudi legal institutions. This ensures transparency and enforceability in both local and international engagements.

Regulatory Cooperation

The draft law promotes Saudi Arabia's international engagement by establishing mechanisms for regulatory cooperation with foreign governments and global institutions. It supports cross-border certification, regulatory harmonization, and mutual audit access, enabling foreign partners to operate under consistent and recognized legal standards. This reflects Saudi Arabia's vision to become a trusted global hub for AI development and governance, while also respecting international norms and standards.

Legal and Market Implications

The Draft Global AI Hub Law is set to significantly impact both the legal framework and market operations surrounding artificial intelligence in Saudi Arabia. It introduces a clear legal architecture to regulate AI activities within sovereign digital zones, aligning with Saudi Arabia's broader Vision 2030 and efforts to become a global technology leader.

Below are the major implications

1 Strengthening Legal Infrastructure & Rule of Law

The law provides legal certainty by defining roles, responsibilities, and legal boundaries for AI developers, hub operators, and data controllers. It institutionalizes regulatory oversight through the Communications, Space & Technology Commission (CST), ensuring that AI deployment aligns with national law.

Moreover, legal professionals and law firms will find an increased demand in compliance advisory, contract structuring, and cross-border legal interpretations. This law places lawyers at the center of drafting licensing agreements, risk allocation clauses, and data transfer protocols.

2 Enhancing Data Sovereignty & Jurisdictional Control

By anchoring all AI-related data within Saudi jurisdiction, the law reinforces the sovereignty of national data assets. This is particularly significant for legal entities handling sensitive governmental, healthcare, or financial data, as the legal implications extend to data localization, surveillance compliance, and state-level access rights.

Cross-border companies operating in AI will need to adapt to this regulatory fragmentation, potentially increasing operational costs but also creating local legal opportunities around structuring joint ventures or setting up local subsidiaries.

3 Catalyzing Foreign Investment and Legal Harmonization

The law signals Saudi Arabia's readiness to welcome foreign governments and private entities through a harmonized, license-based entry model. For the legal market, this translates into work related to international law compliance, licensing, and transnational contract enforcement.

Additionally, the law anticipates regulatory cooperation with global authorities, offering a scope for lawyers to advise on international treaties, memorandums of understanding (MoUs), and intergovernmental technology agreements.

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Liability, Accountability, and Litigation Prospects

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Boosting the Legal Tech Ecosystem

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Opportunities for Legal Practice

The introduction of the Draft Global AI Hub Law creates a dynamic and expanding legal landscape in Saudi Arabia, particularly for law firms and legal professionals specializing in technology, regulatory compliance, and cross-border transactions. As the Kingdom positions itself as a global AI hub, **several legal practice areas** are expected to see growing demand:

Regulatory Compliance and Advisory Services

With mandatory registration and licensing requirements for AI hubs, law firms will play a key role in advising both local and foreign entities on compliance with the AI Hub law as well as other relevant laws. This includes helping clients navigate eligibility criteria, preparing documentation, and securing approvals from the Communications, Space & Technology Commission (CST). Legal professionals will also advise on continuous compliance with data protection, cybersecurity, and operational standards under Saudi law.

Data Protection and Privacy Law

As the law aligns with the Saudi Personal Data Protection Law (PDPL), law firms will be needed to assess and implement data protection policies. Clients will require legal audits, data handling protocols, and privacy notices to ensure full compliance. There will also be a need for legal support in structuring data transfer agreements and managing breaches of privacy-related disputes.

Cross-Border Transactions and Structuring

The law's openness to foreign governments and private investors opens opportunities for cross-border joint ventures, public-private partnerships, and international agreements. Law firms will be required to assist clients in entity structuring, drafting partnership contracts, and managing foreign legal compliance while ensuring that Saudi sovereignty and local laws are preserved.

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Contract Drafting and Risk Management

As liability provisions are embedded in the draft law, legal professionals will be required to draft clear, risk-allocated contracts providing for rights and obligations of different stakeholders. These include AI service agreements, licensing contracts, indemnification clauses, and cybersecurity obligations. Legal risk analysis and due diligence will become essential services, especially in high-risk sectors like healthcare and finance.

Dispute Resolution and Litigation

clear assignment of legal responsibility for AI-related breaches creates an emerging field of litigation and arbitration. Legal practitioners will be needed to represent clients in disputes arising from contractual obligations, algorithmic harm, intellectual property conflicts, and violations of local AI regulations as well as other compliance related issues. There will also be a rise in demand for expertise in alternative dispute resolution (ADR), especially when dealing with cross-border entities.

Public Policy and Legislative Engagement

As this is a draft law, there remains room for public consultations and amendments. Law firms may engage in policy advisory, representing clients or industry associations in shaping the final version of the law. This also includes contributing to governmental reviews, submitting formal recommendations, and preparing legal commentaries for clients.

Conclusion

Saudi Arabia's Draft Global AI Hub Law is a pivotal step in the Kingdom's journey toward becoming a global leader in artificial intelligence. By establishing a robust legal framework that balances innovation, investor confidence, and national sovereignty, the law sets the framework for the Kingdom's growth in the AI sector.

Aligned with Vision 2030 and international standards, this law ensures Saudi Arabia is not only prepared for the AI-driven future but is actively shaping it. For governmental, investors, or legal stakeholders, this draft law presents a strategic opportunity and a call to engage in building the next phase of AI governance.

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