

SAUDI ARABIA'S OFFSHORE SECURITIES BUSINESS LICENSE: A NEW GLOBAL GATEWAY FOR CAPITAL MARKET INSTITUTIONS

Introduced by the CMA under Vision 2030, Saudi Arabia's Offshore Securities Business License empowers foreign capital market institutions to establish a regional headquarters in the Kingdom and serve offshore clients. With a streamlined 30-day approval, a 10-year renewable term, and alignment with global AML and fiduciary standards, this license unlocks access to the GCC's largest capital market and flexible cross-border operations.



Introduction

Saudi Arabia is steadily positioning itself as a global financial hub. The latest move by the Capital Market Authority (CMA), the proposed Offshore Securities Business License marks a milestone in this journey.

هيئة السوق المالية
Capital Market Authority



Designed to attract international investors and foreign financial institutions, this license offers a structured, credible path to operate from Saudi Arabia while servicing offshore clients, and aligns with the broader goals of the Kingdom's Vision 2030 financial reforms.

The License will be granted to foreign capital market institutions to operate offshore securities business through their regional headquarters.

As AlGhazzawi & Partners, a leading Saudi legal firm for financial licensing, we are well-positioned legal advisory for foreign financial institutions to help them seize this opportunity and navigate the new regulatory terrain with confidence.



Key Benefits of Saudi Financial Licensing for Foreign Investors

Access to the Region's Largest Capital Market:

- Entry into a G20 economy amid historic diversification and investment under Vision 2030.
- Serve regional and global clients from within Saudi Arabia.
- Promote and conduct securities activities outside the Kingdom as well as manage funds by investing in securities within the Kingdom.

Clear, Structured Licensing Process:

CMA pledges regulatory clarity, with decisions issued within 30 days of full documentation.

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10-Year Renewable License:

Long-term regulatory stability license valid for 10 years, automatically renewable.

Flexible Cross-Border Operations:

Firms may offer dealing, arranging, advising, managing, and custody services tied to foreign-issued securities.

Alignment with International Standards:

Emphasis on AML, risk management, fiduciary duties, client protection, and Chinese wall requirements.

Compatibility with Global Business Models:

Allows outsourcing of key roles (e.g. compliance officer, MLRO) to law or audit firms in Saudi Arabia.



Key Risks to Consider in the Saudi Offshore Securities License

Regulatory Engagement Required:

Despite its "offshore" nature, licensees must fully engage with the CMA, including audits, inspections, and robust reporting. Needless to say, it provides security to all stakeholders and ensure that all comply with the internationally known reporting standards.

Limited Market Scope:

Client base restricted to non-resident foreigners, Saudi government entities, and local financial institutions; retail clients are excluded.

Currency & Capital Constraints:

- Client funds must be held in non-SAR currencies.
- Must maintain capital covering one year's expenses, plus adhere to prudential and indemnity insurance requirements.

Operational Oversight:

Requires local incorporation, Saudi-based HQ, and CMA-approved personnel for key roles.

Key Risks to Consider in the Saudi Offshore Securities License

Exit Limitations:

CMA can delay or deny license withdrawal for enforcement purposes, with a two-year post-exit jurisdiction window.



How Saudi Arabia's Offshore License Compares Globally?

Compared to Dubai's DIFC or Singapore's MAS models:

- Saudi's model is more localized requiring a physical presence, a local HQ, and CMA registration.
- Focuses strictly on offshore clients, whereas DIFC and ADGM allow more flexibility with retail access.
- Nonetheless, the license's stability (10 years), clear governance, and strategic regional access make it attractive for long-term plays.

The operational and regulatory requirements also overlap with the broader Saudi FinTech regulations for 2025, reflecting the Kingdom's drive to modernize its financial services ecosystem.



How to Get Licensed in Saudi Arabia: CMA Offshore License Application Process

Foreign capital market institutions looking to benefit from this license must follow a clear and structured process. The CMA offshore license application involves submitting a detailed business plan, ownership charts, financial projections, and internal policies on AML, client onboarding, and risk management. The CMA commits to reviewing applications within 30 days of receiving all documentation, ensuring a transparent licensing pathway.



How to Apply for the CMA offshore license in Saudi Arabia

For foreign capital market institutions preparing to apply for the license

- Establish a Saudi entity and obtain a Regional Headquarters License from the Ministry of Investment (MISA).
- Appoint a CEO, CFO, Compliance Officer, and MLRO (outsourcing permitted with CMA-approved law/audit firms).
- Prepare:
 - A detailed business plan (12+ months forward).
 - Organizational and ownership charts.
 - Financial statements + 12-month projections:
 - Determine the permitted business scope (advising, managing, arranging, etc.).
 - Develop internal policies on.
 - AML/CFT compliance.
 - Conflict of interest handling.
 - Client onboarding, KYC, and risk classification:
 - Submit application to CMA with all required documents (Annex 3.1 of draft).
 - Await CMA review and respond to inquiries within 30 days.
 - Upon approval, launch operations within 12 months and maintain ongoing reporting.



وزارة الاستثمار
Ministry of Investment

AlGhazzawi & Partners, a leading Capital Market Authority legal advisory KSA can support you at every step from strategy and licensing to drafting policies, registering personnel, and acting as your outsourced compliance officer or MLRO where permitted.



Could This Attract Fintech Companies?

Yes, and it should.

FinTech Regulations Saudi Arabia 2025: Opportunities and Considerations

While the license targets traditional capital market institutions, FinTech companies offering cross-border wealth, advisory, or B2B platforms may also benefit if they meet key Saudi Fintech regulations criteria:

- **Opportunities for FinTechs:**
 - Digital wealth platforms (e.g., robo-advisors) focused on global portfolios.
 - Cross-border trading infrastructure providers.
 - Digital investment advisory or aggregation tools serving non-resident users.
 - Tokenized securities management (subject to CMA coordination).
- **Key Considerations for Fintech Entrants:**
 - **Licensability:** Certain business models may require SAMA approval (e.g., payments, e-wallets).
 - **Data compliance:** Must conform to Saudi data privacy and security laws.
 - **Tech stack governance:** CMA expects documented internal controls, auditability, and risk management—even in digital-only firms.
 - **Investor protection:** User interfaces must follow CMA advertising and suitability rules.

At AlGhazzawi & Partners, we help FinTechs structure locally while scaling globally, ensuring compliance with overlapping CMA, SAMA, and MISA frameworks.



Why Choose ALGhazzawi & Partners: Leading Legal Advisory for Financial Licensing

With 50+ years advising regional and global institutions, we offer:

- End-to-end licensing support and CMA application strategy.
- Regional HQ setup and entity structuring.
- Outsourced compliance & MLRO arrangements.
- Fintech regulatory analysis (CMA + SAMA + MISA).
- AML/KYC program design and policy drafting.
- Legal risk assessment and enforcement defense.



Ready to explore the Offshore Securities Business License?

International investors, let us guide you through every step whether you're a global bank, asset manager, or fintech innovator ready to explore the vast potential of Saudi Arabia's offshore license.

Contact ALGhazzawi & Partners for expert cross-border investment advisory in Saudi Arabia and seamless regulatory compliance.