

CLIENT ALERT | December 31, 2025

Saudi Arabia Adopts Financial Oversight Law

Implications for government entities, state-funded organizations, and stakeholders managing public revenues.

Key Points:

- Coverage of private entities turns on three functional triggers tied to public finances and delegated roles.
- The law will take effect on April 11, 2026, with an implementing regulation due around the same time.

On December 12, 2025, Saudi Arabia published the [Financial Oversight Law](#), issued by Royal Decree No. (M/122) dated 10/06/1447H (the Law), following Council of Ministers Decision No. (415) dated 4/6/1447H. The Law replaces the long-standing [Financial Representatives Law](#) issued by Royal Decree No. (M/85) dated 20/09/1380H (the Former Law) and establishes a modern, risk-based framework for oversight of public funds through four methods as well as a flexible oversight model.

Scope and Timing

The Law applies to all government entities and, remarkably for the private sector, to non-government entities that meet one of the statutory triggers linked to public money or delegated public financial functions. For example, if a private entity receives direct support from the State Treasury, performs works or purchases on behalf of a government entity, or collects public revenues under law or contract, the Ministry of Finance (MoF) may exercise report-based oversight limited to those funds and activities.

The Law does not apply to the Saudi Central Bank, the Oversight and Anti-Corruption Authority, or the General Court of Audit, and it preserves those bodies' separate competencies.

The Law will come into effect 120 days after publication (on April 11, 2026), with an implementing regulation due around the same time. The implementing regulation will provide definitions, thresholds, formats, and timelines that will shape day-to-day compliance.

Non-Government Entities

Coverage of private entities turns on three functional triggers tied to public finances and delegated roles. A private entity is in scope if it (i) receives direct support, grants, or subsidies from the State Treasury; (ii) executes works or purchases on behalf of a government entity; or (iii) collects public revenues under a

statute or government contract.¹ These triggers are applied to the specific activities, systems, and records connected to the support, delegation, or collections, rather than to the entity's entire business.² The implementing regulation is expected to clarify what counts as "direct" Treasury support, and what "on behalf of" means in practice.³

Oversight Method and Core Obligations

For in-scope private entities, MoF oversight is limited to targeted reporting on the specific funds and functions at issue. The regulation will set formats and timelines, and procedural rules under Article 13, which will shape the compliance approach.⁴ In practice, MoF may request periodic reports and supporting data, assess internal controls, and identify corrective actions. In-scope entities must provide access to relevant information and systems, maintain effective controls, respond to Ministry observations in a timely manner, and implement corrective actions with documented outcomes.⁵ Refusing access, providing inaccurate information, failing to respond, or not implementing corrective actions are violations that the entity must record, process, remediate, and report back on to MoF.⁶

Government Contractors and PSP/SPVs

Non-government entities are captured when they receive direct Treasury funding for a project, are delegated purchasing authority or appointed as procurement agents, or are authorized to collect public revenues on the State's behalf.⁷ Private Sector Participation structures may be in scope, including where an SPV receives capital grants, is delegated purchasing authority for public assets, or collects tolls, fares, or regulated fees classified as public revenues. In all such cases, MoF engagement will be through targeted report requests and follow-up on controls and remediation, not embedded representatives or pre-clearance of private expenditures.⁸ The implementing regulation will clarify what constitutes "direct" Treasury support and how to treat other types of payments or other contractual consideration, which are not necessarily subsidies and may fall outside "direct" support.⁹

Practical Steps for Readiness

Non-government entities should:

- Map engagements against the three coverage triggers and identify in-scope funds and activities.
- Segregate and tag covered transactions, and maintain classifications, banking arrangements, audit trails, and retention.
- Designate a single point of contact, set internal escalation protocols, and adopt a remediation playbook.
- Align contract clauses on cooperation, reporting, data access, audit trails, and controls with report-based oversight and any other controls to be mandated by the implementing regulation.¹⁰

Conclusion

The Law creates a targeted but consequential layer of MoF oversight for private parties that handle public money or delegated public financial tasks. For non-government in-scope entities, compliance centers on documenting covered flows and promptly addressing MoF observations. Until the implementing regulation defines “direct” support, “on behalf of,” and public-revenue classifications, non-government in-scope entities should adopt conservative interpretations and document control justifications. Such entities should also prepare to update reporting formats once MoF publishes templates.

This Client Alert is based exclusively on the text of the Law (Royal Decree No. M/122, 10/6/1447H; Council of Ministers Decision No. 415, 4/6/1447H). The Law’s implementing regulation/circulars are pending. Entities should monitor for publication and prepare accordingly.

Latham & Watkins will continue to monitor developments related to the Law, including any upcoming rules and regulations.

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Endnotes

- ¹ Under section (2) of article (3) of the Law.
- ² Under section (2) of article (13) of the Law.
- ³ Under section (2/A) of article (3) of the Law.
- ⁴ Under section (3) of article (13) of the Law.
- ⁵ Under article (22) of the Law.
- ⁶ Under article (24) of the Law.
- ⁷ Under section (2) of article (3) of the Law.
- ⁸ Under section (2) of article (13) of the Law.
- ⁹ Under section (2/A) of article (3) of the Law.

¹⁰ Under section (3) of article (13) of the Law.