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Saudi Arabia: Implementing Regulations and Practical Implications of the New Enforcement Law

New regulations tighten commercial paper registration, require notice to corporate debtors, and shield attaching creditors from fictitious debts after attachment.

Key Points:

- **Registration of commercial papers:** Bills of exchange and promissory notes must be registered on a platform approved by the Ministry of Justice, with the obligor's consent, and must contain the particulars required for their validity;[1] where the obligor is a company, its authorized signatories must also hold the requisite power under the company's constitutional documents.[2]
- **Pre-enforcement notice:** Creditors must notify certain debtors, including private legal persons, at least five working days before filing an enforcement request.[3]
- **Thresholds and timelines:** The Regulations set fixed deadlines for asset disclosure and attachment, cap enforcement fines, and define the "small amounts" for which a travel ban may not be imposed as amounts not exceeding ﷼50,000.[4]
- **Protection for creditors that hold attached assets:** When enforcement proceeds are insufficient, creditors whose instruments are created after an attachment on the basis of the debtor's own acknowledgment or agreement will not share in those proceeds with the creditors that have already attached the debtor's assets.[5]

On 7/5/1448H (corresponding to 18 October 2026G), the Minister of Justice issued Ministerial Decision No. (617), approving the Implementing Regulations (the Regulations) of the Enforcement Law issued by Royal Decree No. (M/237) dated 3/11/1447H (the New Enforcement Law). The Regulations were subsequently published in the Official Gazette (Umm Al-Qura) on 12/5/1448H (corresponding to 23 October 2026G). They entered into force together with the New Enforcement Law on 17/5/1448H (corresponding to 28 October 2026G) (the Effective Date).[6]

As noted in our previous Client Alert (Saudi Arabia: Adoption of the New Enforcement Law), the New Enforcement Law left the conditions and procedures for registering bills of exchange and promissory notes, together with a number of other procedural matters, to the implementing regulations. This Client Alert summarizes the key provisions of the Regulations that are most relevant to creditors and debtors.

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Registration of Bills of Exchange and Promissory Notes

Under Article 7(1)(d) of the New Enforcement Law, bills of exchange and promissory notes qualify as enforcement instruments only if they are registered on national electronic platforms. Article 6 of the Regulations sets out the conditions for registration:

- the platform must be approved by the Ministry of Justice;
- the obligor under the instrument (e.g., the issuer of a promissory note) must consent to its registration; and
- the instrument must contain the particulars required for its validity under the relevant laws.

The Regulations do not state a specific platform, which preserves flexibility should the approved platforms change. At present, Nafith is the platform approved by the Ministry of Justice for the electronic issuance and authentication of promissory notes.

Separately, if the obligor is a company, the individuals acting for it must be explicitly empowered under the company's articles of association or bylaws in respect of electronic promissory notes, namely the authority "to create, edit, sign, manage and cancel electronic promissory notes through the Nafith platform approved by the Ministry of Justice." Nafith verifies each signatory's identity and authority automatically against the company's constitutional documents registered with Wathiq, a platform operated under the Ministry of Commerce, and each signatory must also hold the relevant Wathiq authorization for electronic promissory notes. The number of approvals Nafith requires depends on how that authority is held: a single approval when a signatory holds sole authority, two approvals when several people share the same authority, and all approvals when authority is joint. Where the individuals responsible for approving promissory notes on the company's behalf are not vested with such authority under its articles of association or bylaws, that authority must be delegated to them, through the Wathiq platform, by the individuals in whom it is vested. Absent such authority or a valid delegation, those individuals may not approve promissory notes on the company's behalf.

Creating a promissory note on Nafith also requires the creditor — the party that creates and registers such promissory note — to hold its own Nafith account, for which it must register under the platform's "Commercial Entity" category. The platform activates the account only after verifying the entity's Saudi registrations and certificates, namely a valid commercial registration, a valid zakat certificate, a VAT registration (or tax exemption) certificate, and an authorization letter attested by the Chamber of Commerce. This presents a practical constraint in cross-border financings: a foreign lender that is not duly incorporated or registered under the laws of the Kingdom will not hold such certificates and, accordingly, will most likely be unable to create a Nafith account or to subsequently create and register promissory notes on the platform in its own name.

It is not yet clear whether such foreign lenders may ultimately appoint a nominee entity that is duly organized and validly existing under the laws of the Kingdom (such as a local facility agent or security

agent) to submit the promissory note request on their behalf. It is also unclear whether such an arrangement would be accepted by the platform or the enforcement courts.

Before Enforcement: Mandatory Notice to Debtors

The Regulations introduce a requirement for the creditor to notify the debtor, requesting performance, at least five working days before filing an enforcement request in any of the following cases:

- the creditor and the debtor have agreed that notice is required;
- the debtor is a private legal person;
- the debtor has died or lost (in whole or in part) legal capacity before the request is filed, in which case notice is given to the debtor's heirs, guardian, or custodian, as applicable; or
- the right under the enforcement instrument was deferred when the instrument was created, in which case notice is given after the due date.

No notice is required where the right is a recurring periodic obligation for which an enforcement request has previously been filed. Notice is to be given through the Ministry of Justice's electronic systems unless the creditor and debtor have agreed otherwise in writing.[7]

During Enforcement: Key Deadlines and Thresholds

The Regulations also fix a number of deadlines and monetary thresholds that will shape enforcement in practice. The most significant are:

- **Asset disclosure:** The debtor must disclose its assets within five working days of being notified of the enforcement order. Disclosure extends to unregistered assets, assets outside the Kingdom and assets held by third parties.[8]
- **Ten-year limitation:** For recurring obligations and installment debts, the 10-year limitation under Article 11 of the New Enforcement Law runs separately for each installment from its due date.[9]
- **Caps on fines:** The aggregate daily fine imposed on a debtor who fails to satisfy the debt under enforcement may not exceed the value of that debt, disregarding enforcement expenses, any fines imposed, and amounts already recovered; for recurring obligations and installment debts, the cap is calculated on the installments that have fallen due and remain unpaid. The aggregate fine imposed on a person who fails to comply with direct enforcement may not exceed ₰500,000.[10]
- **Travel bans:** A travel ban may be ordered only when assets sufficient to satisfy the debt cannot be attached, or recovery from them is prevented, and the court must verify that the ban is likely to induce payment. A ban may not be ordered, and must be lifted, when the unrecovered balance

does not exceed ₪50,000. A ban lapses automatically when the enforcement request ends or on expiry of its term, unless extended before expiry.[11]

- **Attachment:** A holder of the debtor's assets must give the required notice within three working days of being notified of the attachment order and deposit the attached funds due to the debtor, up to the amount of the debt, within five working days. The authority that is supervising or registering the assets must report the result of the attachment to the competent department within three working days.[12]

- **Voluntary sale:** The court may permit the debtor to sell its assets voluntarily for up to 60 days from the date of the decision. No such request is accepted once a sale has been announced, whether by auction or by any other method, until the sale process has concluded. The buyer introduced by the debtor must pay the full price within 30 days of approval, failing which the sale shall be deemed void.[13]

- **Closing enforcement requests and disputes:** An enforcement request closes automatically once the debt is repaid through the enforcement process. If the debt is repaid by other means, the creditor must close the request within one working day of payment. If all enforcement steps have been taken without the debt being repaid, the request may be closed on that basis only once one year has passed since the last enforcement step. When a request is closed, all related enforcement measures and orders are lifted immediately, without the need for an application. The court must decide enforcement disputes within 15 working days of their referral, unless circumstances require otherwise.[14]

Protection for Creditors That Hold Attached Assets

If the parties do not agree on the distribution of enforcement proceeds, proceeds are distributed first to enforcement expenses, then to preferred debts and debts secured by a security interest according to their statutory ranking, and then to all other debts. A secured debt is paid from the proceeds of the asset over which the security interest is held, and any shortfall ranks with the other debts. Debts of equal rank share pro rata, and enforcement requests filed after the distribution order is issued are excluded from the distribution.[15]

Importantly, if the proceeds are insufficient, a creditor will not share with the creditors that hold the debtor's attached assets if its enforcement instrument was issued after the attachment and is based on the debtor's acknowledgment or refusal to take an oath, or is a document or notarized contract issued by, or based on an agreement with, the debtor. This is designed to prevent debtors from diluting the recovery of genuine creditors by creating fictitious debts after attachment.[16]

Other Notable Provisions

- **Foreign judgments and awards:** An application to enforce a foreign judgment, award, or notarized instrument under the New Enforcement Law must be accompanied by the original

instrument or an official copy; for a judgment, proof that it has become final and, if it was rendered in absentia, that the party against whom it was rendered was duly summoned and able to present a defense; for an arbitral award or settlement, the evidence required by the Kingdom's obligations under the relevant international treaties and conventions and proof that the conditions in Article 9(1) of the New Enforcement Law are met; for a notarized instrument, proof that the conditions for its enforcement under the laws of the issuing state are met; and any other particulars specified by the Ministry of Justice. The accompanying documents must be legalized in accordance with the procedures applicable to the authentication of foreign documents, and the applicant bears the burden of proving reciprocity.[17]

- **Enforcement against private legal persons:** The private legal person is served with the enforcement order, and the competent department may, having regard to the public interest, effect service through the authority that supervises its activity, in which case service takes effect from the date that authority notifies the entity. In identifying the assets to be enforced against, priority is given to assets whose attachment will not disrupt the entity's activity or harm the facility it operates or the service it provides. A member of the entity is regarded as having obstructed enforcement only where it is established that he did so by his own act, or failed to take a step within his powers that was necessary to complete enforcement despite being able to do so; the entity's failure to comply, by itself, is not sufficient, and the court determines this by questioning the person concerned.[18]

- **Sale and custody of attached assets:** Rules on auctions, other sales, valuation, custody, and management of attached assets will be issued by the Entrustment and Liquidation Center (Infath), in coordination with the Ministry of Justice.[19]

Key Takeaways

With the Regulations now issued, creditors that take and hold bills of exchange and promissory notes should:

- **Amend constitutional documents:** Before creating, approving, or holding electronic promissory notes, companies should confirm that their articles of association or bylaws vest the individuals responsible for approving such notes with the Nafith authority described above and, where they do not, either amend those documents or arrange for the authority to be delegated through the Wathiq platform. Absent such authority or a valid delegation, such individuals may not approve promissory notes on the company's behalf.

- **Register or replace existing instruments:** Arrange for existing unregistered instruments to be registered on an approved platform, or replaced with registered instruments, before the one-year transitional period under the New Enforcement Law expires. Credit documents should oblige debtors to cooperate, given that registration requires the obligor's consent.

- **Require registration in new financings:** Include registration of promissory notes on an approved platform (currently Nafith) as a condition precedent to drawdown and require any replacement promissory notes to be registered.
- **Update enforcement procedures:** Build the five-working-day pre-enforcement notice into enforcement timetables for corporate debtors and consider the new deadlines and thresholds when planning enforcement strategy.
- **Act promptly to attach:** Given the protection afforded to creditors that hold attached assets against later instruments created by the debtor, creditors should consider seeking attachment at an early stage.

This Client Alert is based on the New Enforcement Law (Royal Decree No. (M/237) dated 3/11/1447H) and the Regulations (Ministerial Decision No. (617) dated 7/5/1448H) as published in the Official Gazette on 12/5/1448H (corresponding to 23 October 2026G).

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Endnotes

[1] Article 6 of the Regulations.
[2] Pursuant to the registration and approval requirements of the Nafith platform.
[3] Article 13 of the Regulations.
[4] Articles 15, 18, 19, 25, 26, 30, 31, and 40 of the Regulations.
[5] Article 37 of the Regulations.
[6] Article 54 of the Regulations.
[7] Article 52(1) of the Regulations.
[8] Article 15 of the Regulations.

[9] Article 12 of the Regulations.

[10] Articles 18 and 40 of the Regulations.

[11] Article 19 of the Regulations.

[12] Articles 26, 30, and 31 of the Regulations.

[13] Article 32 of the Regulations.

[14] Articles 46-48 of the Regulations.

[15] Article 36 of the Regulations.

[16] Article 37 of the Regulations.

[17] Articles 8 and 9 of the Regulations.

[18] Articles 44 and 45 of the Regulations.

[19] Article 34 of the Regulations.