



ISDA Publishes Saudi Arabia Netting Opinions

NEW YORK, June 30, 2025 – The International Swaps and Derivatives Association, Inc. (ISDA) has published new legal opinions that recognize the enforceability of close-out netting under regulations published by the Saudi Central Bank (SAMA) earlier this year.

[SAMA's netting regulations](#) were published in February, meaning all Group-of-20 jurisdictions now recognize the enforceability of close-out netting. The regulations, which are closely based on [ISDA's 2018 Model Netting Act](#), apply if at least one party is supervised by SAMA, which includes banks and non-banking financial institutions supervised by SAMA. Riyadh-based law firm STAT was commissioned by ISDA to draft the netting opinions – one under the ISDA Master Agreement and one for Islamic derivatives under the ISDA/International Islamic Financial Market (IIFM) Tahawwut Master Agreement.

“The SAMA regulations mark a significant milestone in the development of a robust and efficient derivatives market in Saudi Arabia. The ISDA netting opinions will give firms enhanced certainty and confidence to trade derivatives with Saudi counterparties regulated by SAMA, encouraging more participation and increasing the depth and liquidity of Saudi capital markets. We would like to thank SAMA for its close coordination with ISDA and the industry during the development of the regulations,” said Scott O’Malia, ISDA’s Chief Executive.

ISDA has consistently advocated for enforceable close-out netting as a critical foundation of safe and efficient derivatives markets and has published [netting opinions for 90 jurisdictions](#) around the world. By allowing counterparties to reduce their obligations to a single net payment due from one party to another, netting significantly reduces credit risk. As of the end of 2024, the global gross market value of derivatives contracts stood at \$17.6 trillion, whereas the gross credit exposure, which adjusts gross market values for legally enforceable bilateral netting agreements, amounted to \$3.0 trillion, according to [data from the Bank for International Settlements](#).

In addition to SAMA’s regulations, the Saudi Capital Market Authority (CMA) has published draft netting regulations that are closely aligned with SAMA’s rules, which will cover other financial market participants, including asset managers and infrastructure providers. The ISDA netting opinions will be extended to cover the CMA rules when they are finalized.

The ISDA Master Agreement netting opinion is available [here](#).

The ISDA/IIFM Tahawwut Master Agreement netting opinion is available [here](#).

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 76 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers.

Information about ISDA and its activities is available on the Association's website:

www.isda.org. Follow us on [LinkedIn](#) and [YouTube](#).