هيئة السوق المالية
Capital Market Authority

The Main Inquiries Received by the Capital Market Authority on the Authorization Applications to Carry Out Commodity Exchange Activities in the Kingdom

Disclaimer: This document has been prepared for the purpose of allowing those interested in this field to be informed about the different aspects related to the authorization to carry out Commodity Exchange Activities in the Kingdom, and sharing the knowledge between the interested parties in the Saudi capital market. The CMA would like to confirm on the importance of referring to Capital Market Law and its related implementing regulations to be fully informed about all authorization requirements to carry Commodity Exchange Activities in the Kingdom.

In reference to the announcement of the Capital Market Authority (“**CMA**”) dated 16/01/1448H corresponding to 01/07/2026G, about the the commencement of the submission period for the authorization applications to carry out Commodity Exchange Activities in the Kingdom (Announcement’s Link), in which has mentioned that the CMA’s Market Infrastructure Institutions Supervision Department will receive the submitted inquiries by those interested in carrying out Commodity Exchange Activities in the Kingdom, as mentioned in the document titled “The Authorization to Carry Out Commodity Exchange Activities in the Kingdom" included in the announcement, which has also mentioned that the CMA will publish the answers to the received inquiries on its website by begging of September 2026.

Therefore, this document includes the main inquiries received by the CMA on the authorization applications to carry out the Commodity Exchange Activities in the Kingdom, and the CMA’s answers to these inquiries, for the purpose of allowing those interested to be informed about the different aspects related to the authorization to carry out Commodity Exchange Activities in the Kingdom, and sharing the knowledge between the interested parties in the Saudi capital market.

The expressions and terms in this document have the meaning that they bear in the Capital Market Law issued by the Royal Decree No. M/30 dated 02/06/1424H, and its regulations, and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, unless the context indicates otherwise. The Capital Market Law, the Securities Exchanges and Depository Centers Regulations ("**the SEDC Regulations**"), and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, which are published on the CMA’s website, can be accessed through the following links:

- Capital Market Law
- Securities Exchanges and Depository Centers Regulations
- Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority

1. What is meant by a commodity exchange?

A commodity exchange constitutes a financial market licensed by the Capital Market Authority (CMA) to conduct exchange activities in trading commodity derivative contracts in the Kingdom, in accordance with the provisions of the Capital Market Law, the Securities Exchanges and Depository Centers Regulations, and relevant rules and regulations.

2. What license is required from the CMA to operate commodity exchange activities in the Kingdom?

   The required license is the License to Operate a commodity exchange in the Kingdom, issued by the Capital Market Authority (CMA) in accordance with the provisions of the Capital Market Law and the Securities Exchanges and Depository Centers Regulations.

3. How many licenses does the CMA aim to grant during the current application period?

   The Capital Market Authority (CMA) aims to grant a single license to operate a commodity exchange in the Kingdom during the current application period.

4. What are the laws and regulations governing commodity exchange activities in the Kingdom?

   Licensing and the operation of exchange activities are primarily subject to the provisions of:

   - The Capital Market Law.
   - The Securities Exchanges and Depository Centers Regulations.
   - The relevant implementing rules and regulations issued by the Capital Market Authority (CMA).
   - The rules, regulations, and instructions approved by the licensed exchange in accordance with statutory provisions and following the CMA's approval.

5. What are the licensing requirements to operate a commodity exchange in the Kingdom?

   The Securities Exchanges and Depository Centers Regulations include the licensing requirements to operate an exchange, which include -but are not limited to- the licensing requirements set forth in Article 6 of the Regulations referred to. The license applicant must ensure compliance with all licensing requirements stipulated in the Capital Market Law and the Securities Exchanges and Depository Centers Regulations. Additionally, the applicant must attach to the application all information and documents required under the Capital Market Law, the Securities Exchanges and Depository Centers Regulations, and the application form for obtaining a license to operate a commodity exchange in the Kingdom.

6. **What is the legal status required for a company wishing to apply for a license to operate a commodity exchange?**

   In accordance with the provisions of the Capital Market Law, the applicant must possess the required legal status and meet the specific requirements to operate market activities, including being a joint-stock company pursuant to paragraph (a) of Article 20 of the Capital Market Law.
   The applicant must also satisfy all other relevant regulatory requirements for the licensing.

7. **What is the financial fee for obtaining a license to operate a commodity exchange in the Kingdom?**

   The financial fees for obtaining the license are divided into:
   • **License Application Review Fee**: An amount of (25,000) Saudi Riyals (SAR), collected as a one-time fee upon submitting the application.
   • **Annual License Maintenance Fee**: An amount of (300,000) Saudi Riyals (SAR), payable upon the granting of the license and for its continuation, in accordance with the prescribed provisions and deadlines.

8. **Must the license applicant complete procedures for establishing a head office in the Kingdom prior to submitting the license application?**

   Completion of incorporation procedures is not required at the licensing stage. It is worth noting that after obtaining the license to operate a commodity exchange in the Kingdom, the licensed exchange must satisfy the commencement of business requirements set forth in Part (Second) of Annex (1) of the Securities Exchanges and Depository Centers Regulations before starting operations, in accordance with the provisions of paragraphs (e) and (g) of Article 8 of the Securities Exchanges and Depository Centers Regulations.
   The licensed commodity exchange will be granted a period of (12) months from the licensing date to fulfill the commencement of business requirements set forth in Part (Second) of Annex (1) of the Securities Exchanges and Depository Centers Regulations before starting operations. These commencement requirements include submitting the final incorporation documents to the CMA.

9. **Is there a mandatory template or structure for the business plan?**

   There is no standardized template for the business plan, which provides the applicant with sufficient flexibility to prepare it in a manner that aligns with the nature and scope of the proposed market. However, we emphasize that the business plan is one of the primary documents reviewed and evaluated during the licensing stage. Annex 1 of the Securities Exchanges and Depository Centers Regulations clarifies that the plan must include a detailed description of the purpose and objectives of obtaining the license, and that these objectives must be specific, measurable, and achievable.

10. What is the nature of the financial instruments targeted for trading on the commodity exchange?

    The licensing in the current application period targets trading in a secondary market for commodity derivative contracts. The applicant must specify the proposed products for trading within the license application and the business plan.

11. Do commodity derivative contracts include futures and options contracts?

    Commodity derivatives can include various types of derivative contracts, such as futures and options contracts. However, determining the products that will actually be traded on the licensed exchange depends on the products proposed by the applicant and approved by the CMA within the scope of the license and the relevant rules.

12. What are the commodities that can be underlying assets for derivative contracts?

    There are no specific types of commodity and metals products for derivative contracts, and the applicant may, in the license application and business plan, specify the commodities and metals proposed to be the underlying assets for the derivative contracts, provided they include the rationale for their selection, the proposed products, the expected volume of activity, and the timeline for their launch.

13. Can the applicant propose products that are not mentioned in the announcement?

    The applicant may specify the products proposed to be offered within the scope of commodity derivative contracts in the business plan and license application. The acceptance of the proposed products is subject to the CMA's evaluation and the extent which they align with the license scope and the specific objectives of the current application period.

14. Can the licensed exchange add new products after obtaining the license?

    The addition of new products or financial instruments post-licensing is subject to applicable legal and regulatory requirements and approvals, depending on the nature of the product, the scope of the license, and the exchange's approved rules. Obtaining the exchange license should not be considered an automatic approval for all future products that the exchange may propose.

15. What are the membership requirements for the commodity exchange to enable companies wishing to trade in the available securities?

The exchange establishes its membership conditions and requirements in accordance with the provisions of the Capital Market Law and the Securities Exchanges and Depository Centers Regulations, including -but not limited to- the provisions of Article 27 of the aforementioned Regulations. The board of directors of the licensed commodity exchange must propose the necessary rules, regulations, and instructions for its operations, including matters related to exchange membership conditions and requirements, and subsequently submit them to the CMA for approval, pursuant to the provisions of Article 23 of the Capital Market Law and Article 26 of the Securities Exchanges and Depository Centers Regulations.

16. Are existing Capital Market Institutions eligible to submit an application for the commodity exchange license?

The existence of a current license for a Capital Market Institution does not prevent it from applying for a commodity exchange license, provided that the applicant satisfies the statutory, regulatory, and operational requirements for the license. The application must be dedicated to operating the commodity exchange and must demonstrate the applicant's capability to establish and operate the exchange subject to the application.

17. If the license is designated for the market operator, what is the mechanism that enables brokerage companies to provide trading services to their clients?

The licensed exchange’s rules determine the membership conditions and market access requirements, including the applicable requirements for Capital Market Institutions wishing to provide trading services to clients. The provision of dealing services to clients is also subject to the scope of the license granted to the Capital Market Institution, as well as the relevant statutory and regulatory requirements.

18. What are the reports required to be submitted by the commodity exchange to the CMA?

The Securities Exchanges and Depository Centers Regulations include the details of the periodic reports required to be submitted to the CMA by the exchange. Furthermore, the exchange must provide the CMA, without delay, with all information, records, and documents that the CMA may request for the purpose of enforcing the Capital Market Law and its implementing regulations, pursuant to the provisions of paragraph (a) of Article 3 of the Regulations.

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