



# Unlocking opportunity: How Saudi Arabia is redefining securities lending in emerging markets

**The Middle East is not a market to watch — it is a market to be in. And Saudi Arabia is at the forefront of that movement, says Dimitri Arlando, director of EMEA sales, EquiLend**

In recent years, Saudi Arabia has become one of the most compelling emerging markets in global securities finance. The focus from the global securities lending community including lenders, broker-dealers and industry bodies has exploded over the last two years.

At EquiLend, we have seen a surge in demand for data, trading access and post-trade solutions from clients across the Middle East, and Saudi Arabia is at the centre of the conversation. As the Kingdom continues to open its capital markets and deepen its financial ecosystem under the nation's transformational Vision 2030 plan, securities lending is emerging as a key component in enhancing market efficiency, liquidity and transparency.

## **Saudi's emergence on the global securities finance stage**

One of the unique advantages of Saudi Arabia's capital market development is that it is being built from the ground up, with the benefit of hindsight and global precedent. Unlike more established markets that must

modernise legacy systems or re-engineer infrastructure, Saudi has the opportunity to create a highly efficient, digitally-enabled securities lending ecosystem from its earliest days. By adopting international best practices and embedding modern infrastructure from the start, the market is positioned to scale smoothly and sustainably.

At EquiLend, through our DataLend platform, we have tracked the evolution of Saudi's lending activity and have observed a growing trend in both participation and volumes. While the market is still in its early stages, with over US\$700 million on loan and US\$8 billion in lendable assets as of March 2025, this is from a near standing start in 2023.

The levels of activity we are seeing reflects growth, maturity, and transparency. Notably, Saudi's market is seeing new supply emerge from long holders, especially the large pension funds who hold significant supply. The stable nature of this supply is a critical factor in the development of a healthy, functioning securities lending market.

### **The building blocks: Regulation, technology and market structure**

Saudi Arabia's success story didn't happen overnight. The groundwork was first laid through the efforts of regulatory bodies such as the Capital Market Authority (CMA) and the Saudi Depository Center Company (Edaa). Since the introduction of the securities borrowing and lending (SBL) framework in 2017, and the execution of the first transaction in 2021, the market has undergone substantial reform — from legal infrastructure to post-trade processing.

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A particularly notable milestone was the introduction of Saudi Arabia's new close-out netting legislation, which took effect in February 2025. By allowing counterparties to offset obligations into a single net amount, the regulation reduces credit risk and capital requirements, unlocking greater capacity for trading and lending. Modelled on the International Swaps and Derivatives Association's (ISDA's) global framework, this legislation not only boosts legal certainty but also positions Saudi Arabia's financial markets to attract broader participation and institutional capital.

Saudi Arabia has demonstrated a strong commitment to aligning with international standards, signaling its readiness to engage institutional capital at scale. From adopting global messaging protocols like ISO and SWIFT

to launching a central counterparty (CCP) to manage clearing and mitigate risk, Saudi has positioned itself as a forward-thinking market, open to institutional capital and operating on cutting-edge technology.

Technology has played a critical role in this progress. As transaction volumes increase, the days of manually managing lending operations are long gone. Today, automation, interoperability, and scalability are essential, and we are seeing rising demand for out-of-the-box platforms that can support complex SBL workflows while meeting local compliance requirements.

At EquiLend, local firms have been interested in discussing our end-to-end automated offerings, which encompass everything a lender or borrower would need to participate in the market, including books and records, trading, post-trade and market data. This is often driven by the international counterparties firms wish to trade, which often require automated versus manual workflows.

### **Bridging challenges and unlocking opportunity**

As with any emerging market, the development of Saudi Arabia's securities finance landscape is not without its complexities. Both local and international market participants have had to navigate the rapidly evolving regulatory frameworks, establish robust operational models and build scalable infrastructure that can meet the rising demand.

Education remains an important component of this journey. Many local investors are engaging with securities lending for the first time or have only engaged recently. For asset owners and portfolio managers, understanding how to integrate lending activity into their strategies — and the value it can deliver — is a key step in growing supply. On the borrower side, aligning with international best practices and ensuring operational readiness has been equally important.

Additionally, there are structural considerations unique to the region. Requirements around documentation, local infrastructure connectivity and transaction visibility

all play a role in how participants enter and scale within the Saudi market.

In some cases, preferences related to Sharia-compliant structures influence the design and execution of transactions, and market participants are working to ensure those frameworks are respected and operationally supported.

The good news? None of these challenges is insurmountable, and the progress made to date has been impressive. What we are seeing now is a collaborative ecosystem: regulators, custodians, local institutions and service partners like EquiLend are working together to lay a solid foundation for long-term growth.

### **A catalyst for regional growth**

While Saudi Arabia has been in the spotlight in the region as of late, its evolution is already inspiring broader momentum across the Gulf Cooperation Council (GCC).

The United Arab Emirates (UAE), Qatar, Kuwait, Oman and Bahrain are actively developing or enhancing their own securities lending frameworks and are closely observing how the Saudi market is evolving.

This replication effect is one of the most encouraging trends we are observing. In line with market growth in APAC markets, the Middle East is beginning to establish a rhythm of regional growth — where infrastructure improvements in one jurisdiction drive conversations and innovation in another.

Regulatory alignment and regional interoperability will be essential to this next phase. The International Securities Lending Association (ISLA) has already begun its phased work in the Middle East, starting with Saudi Arabia.

By providing clear guidance, legal interpretations and frameworks for participation, ISLA is helping to accelerate the maturity of SBL markets across multiple jurisdictions, which will be crucial in facilitating cross-border activity at scale.

### **Looking ahead: From momentum to maturity**

Investor demand is growing. Infrastructure is evolving. Transparency is improving.

We are no longer talking about potential in the Middle East, we are witnessing real participation, real trading activity and real revenue opportunities in securities lending. At EquiLend, we are proud to support this growth with the tools, data and global connectivity needed to help clients succeed.

**“As in every emerging and mature market, EquiLend aims to be the technological foundation.”**

Through our Data & Analytics solutions, we will continue to surface insights that provide transparency and help participants make informed decisions.

Through our trading, books and records and post-trade services, we are enabling firms to connect with counterparties more efficiently and scale their business with confidence. As in every emerging and mature market, EquiLend aims to be the technological foundation enabling lenders and borrowers to launch and scale efficiently in the global securities lending market.

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