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Insights

Saudi Arabia Issues New Draft Regional Headquarters Rules for Public Consultation

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DGA-Albright Stonebridge Group has been closely following the Saudi Regional Headquarters (RHQ) Program since it was first announced in February 2021 (see our previous Analysis here).

Background and Context

On September 10, 2025, the Ministry of Investment (MISA) released the **Rules Regulating the Licensing and Supervision of Regional Headquarters (RHQs)**[1] for public consultation, open through **October 9**. The Rules mark an important milestone in the evolution of the Saudi Regional Headquarters (RHQ) Program, formalizing definitions, licensing conditions, incentives, and compliance requirements. First announced in 2021 and implemented in 2024, the RHQ Program requires companies to maintain a licensed RHQ in the Kingdom to contract with Saudi government entities, with limited exceptions. While the details of the Program have evolved over the past four years, the overall direction has remained consistent: Saudi policymakers see RHQs as essential for strengthening investment, bringing senior corporate leaders closer to the Kingdom, and deepening multinational companies' long-term commitment to the Saudi market.

Opportunity for Meaningful Consultation

This consultation is an important opportunity for companies across industries to assess the implications of the rules for their business and provide constructive feedback to refine them. The main challenge of developing a policy with such broad application is capturing differences in business models and structures. Private sector companies are well-placed to evaluate how the rules will affect them and advise on potential practical adjustments.

The draft rules broadly build upon those outlined in the existing RHQ licensing conditions contained in the MISA investor services manual. Importantly, they reaffirm several previously announced RHQ incentives, including 30-year exemptions from corporate income and withholding taxes on eligible RHQ activities, as well as greater flexibility on visas and accreditation to facilitate the relocation of key RHQ leaders. However, the draft rules also introduce more detailed and specific requirements in some areas. For example, the rules stipulate that all company executives responsible for the mandatory and optional activities should be employed by the RHQ, reinforcing the requirement that the RHQ serves as the center for regional decision-making. The rules also set stricter residence requirements for RHQ employees and outline more specific procedures for exemptions, violations, and non-compliance.

These requirements, which apply uniformly regardless of company size, may have potentially significant compliance implications for RHQ license-holders, especially SMEs and startups with

[1] These licensing and supervision-related rules should be read alongside Council of Ministers Resolution No. 377 "Controls for the Contracting of Government Entities with Companies Having no Regional Headquarters in the Kingdom and with Related Parties"

smaller footprints in the Kingdom. While large multinational companies will need to carefully consider their RHQ structures in light of the rules, smaller firms may face proportionately greater compliance and financial burdens in meeting the requirements.

To that end, potential areas for refinement include:

- **Applicability to smaller companies:** Introducing differentiated requirements based on company size or revenue thresholds could expand participation without diluting the Program's goals.
- **Employee thresholds:** Proportionate staffing requirements that consider global headcount and regional turnover would allow firms to build RHQs sustainably while maintaining substance.
- **Scope of activities:** Allowing RHQs in service sectors to undertake limited commercial activities alongside strategic oversight would reduce operational inefficiencies.
- **Procurement and compliance:** A phased approach to procurement eligibility, coupled with long-term stability guarantees for core rules, would build investor confidence and anchor compliance.
- **Saudization:** Reintroducing the 10-year exemption would ease ramp-up for firms with specialized talent needs, while allowing Saudis to contribute across both RHQ and commercial entities would broaden opportunities for local professionals.

The RHQ Program is already reshaping how global firms engage with the Kingdom, and with thoughtful updates, it can also become a catalyst for inclusive growth that benefits companies of all sizes while preserving its original strategic objectives.

Considerations for Companies

In light of the new draft rules, multinational firms should consider taking the following steps:

- **Respond thoughtfully:** Use the consultation process to share constructive feedback with MISA. This is a valuable opportunity to shape rules that will define how companies engage with the Kingdom for decades to come.
- **Rethink compliance strategies:** Review RHQ structures, staffing plans and reporting lines in light of the new rules, and consider how to build flexibility into compliance planning.
- **Build relationships with MISA:** Establish regular dialogue with MISA teams such as RHQ Care and the MIZA Initiative to stay ahead of evolving requirements and secure tailored support.
- **Integrate RHQ Program into long-term strategy:** Position the RHQ Program not simply as a compliance requirement but as a strategic asset for growth in Saudi Arabia and the wider region.

If you have questions about the consultation process or the RHQ Program more broadly, our experts would be delighted to speak with you.

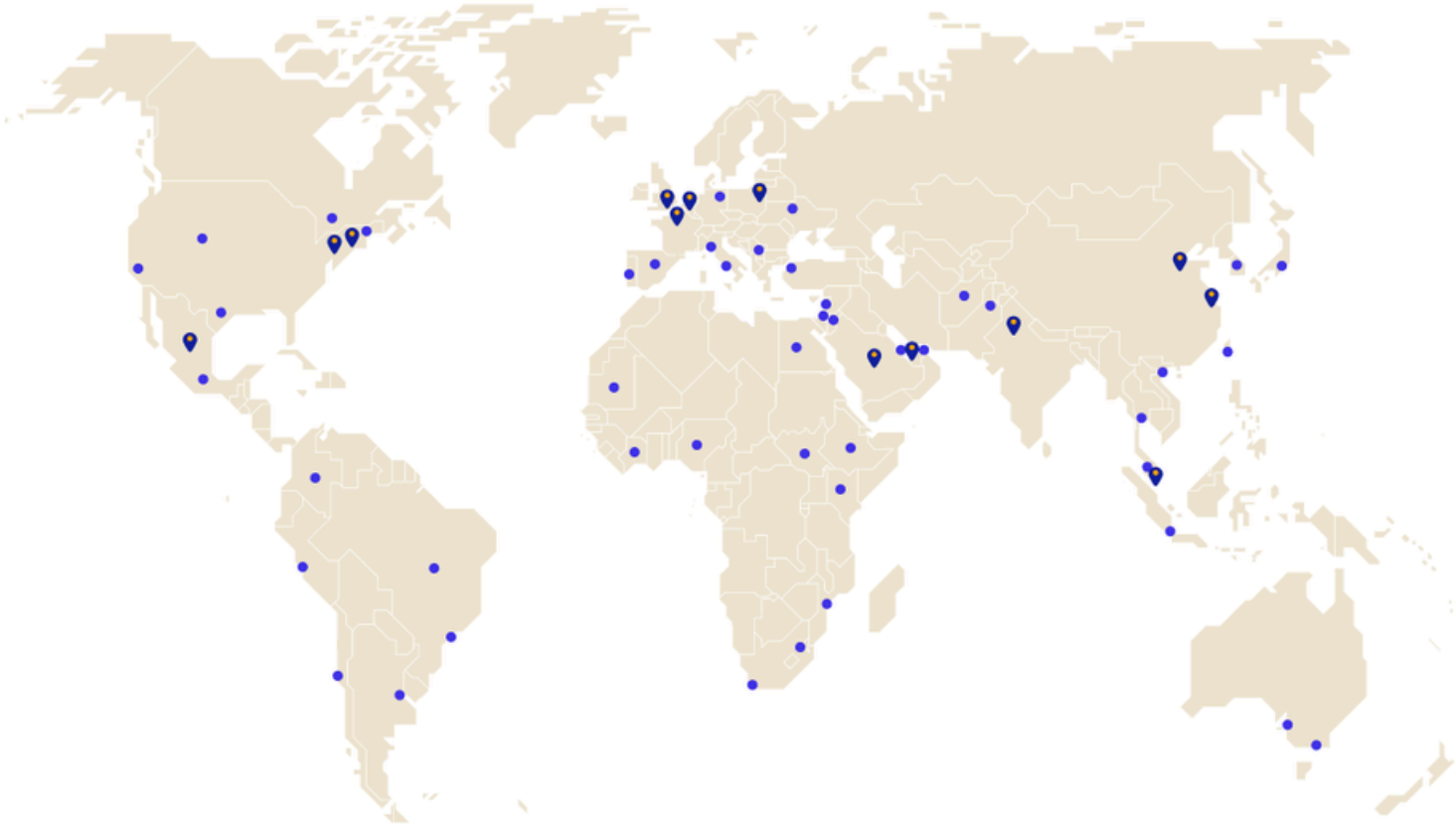
About Us

DGA Group is a global advisory firm that helps clients protect – and grow – what they have built in today's complex business environment. We understand the challenges and opportunities of an increasingly regulated and interconnected world. Leveraging the experience and expertise of **Albright Stonebridge Group**, a leader in global strategy and commercial diplomacy, and a deep bench of communications, public affairs, government relations, and business intelligence consultants, we help clients navigate and shape global policy, reputational and financial issues. To learn more, visit dgagroup.com. Please contact us with any questions or to arrange a follow up conversation.

Imad Al-Abdulqader
Partner
imad.alabdulqader@dgagroup.com

Michael Bessey
Associate Partner
michael.bessey@dgagroup.com

Juliana Rordorf
Director
juliana.rordorf@dgagroup.com



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