

The Nafith Platform and digital Promissory Notes in KSA

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The humble yet potent promissory note has pride of place in all types of transactions in the Kingdom of Saudi Arabia (“**KSA**”). Commercial transactions in KSA place reliance on promissory notes for several reasons, including simplicity in preparation and a speedy and efficient process of enforcement. Promissory notes are, generally speaking, independent of the obligations arising from the related underlying transactions. This means that, instead of enforcing complex commercial or financial documentation, the promissory notes provided can be enforced as independent payment instruments. In addition, promissory notes are negotiable instruments and can be transferred by way of endorsement (except where endorsement is restricted) and can also be guaranteed by a financial institution.

While promissory notes are widely used, it is important that they are prepared and executed in accordance with the Commercial Papers Law issued by Royal Decree number 37 dated 11/10/1383H (corresponding to 24/02/1964G). With certain exceptions, if promissory notes do not conform to the requirements specified in the Commercial Papers Law, they may not be enforceable.

The importance of promissory notes in KSA cannot be overstated and in keeping with the technological revolution in commercial transactions - a new system has been adopted in KSA to issue electronic promissory notes.

In view of the importance of promissory notes in transactions, the Ministry of Justice in KSA has developed and established a platform that provides and regulates electronic promissory notes. This platform seeks to protect commercial transactions between parties, individuals and institutions, in line with the digital transformation plan of KSA's Vision 2030 by activating and enabling E-Government.

The platform is called the “Nafith Platform” taken from the Arabic word “نافذ” meaning “execution”. Speed of enforcement is one of the most important features of the Nafith Platform. The Nafith Platform facilitates the execution and creation of promissory notes in a secure manner. It provides the user with the ability to issue promissory notes that comply with the laws and regulations of KSA, thus eliminating any possibility of error and eliminating the risk of not complying with the Commercial Papers Law. The procedures of issuing a promissory note through Nafith Platform are straightforward. After registering on the Nafith Platform, the creditor issues a request for the issuance of a promissory note and the request is then sent to the debtor. The debtor enters his/her information on the Nafith Platform, approves and certifies the promissory note and as the final step the promissory note is saved for future reference. The promissory notes are accessible through the Unified National Access system. If a default in payment of the promissory note occurs, there is a direct link with execution system in the Ministry of Justice in order to facilitate the execution procedures before the Execution Court.

“The Nafith Platform is an initiative that has been well received by the commercial and financial community in KSA. It eliminates any uncertainties in the process of issuing and enforcing promissory notes.”

For further information, please contact [Rafiq Jaffer](#).