



GCC ETF Market Report

OCTOBER 2025



Executive Summary

The ETF landscape in the Gulf Cooperation Council (GCC) is entering a new phase of development. Regional exchanges are experiencing a sharp rise in listings, cross-border cooperation, and investor adoption. However, challenges remain around liquidity, regulation, and scale.

With ETFs increasingly seen as the next frontier across asset management, the Middle East is playing catch up but offers both opportunities and complexities for global and regional entrants alike.

Market Size & Structure

- **Regional AUM:** ~US\$1.6 billion (on-exchange, domestic ETFs)
- **Total Listed ETFs:** ~35 ETFs across the GCC
- **Top Markets:**
 - Saudi Arabia (~US\$1.1bn AUM)
 - UAE (~US\$0.26bn AUM)
- **Regional Share:** GCC accounts for the majority of Middle East ETF turnover

Country	ETFs Listed	AUM (approx.)	Market Notes
Saudi Arabia	14	US\$1.1bn	Strongest domestic base; cross-listing with Hong Kong ETFs.
UAE	19	US\$264mn	Fastest growth; new bond/sukuk and thematic ETFs.
Qatar	2	US\$250mn	QETF and QATR dominate; strong Islamic demand.
Kuwait	0	—	ETF framework launched in 2025; first listings expected.
Bahrain	0	—	No ETFs yet; market limited to mutual funds and REITs.
Oman	0	—	Regulatory groundwork underway for ETF introduction.

Key Issuers

The logo for Lunate, featuring the word "Lunate" in a bold, black, sans-serif font. The letter "L" is stylized with a circular element.

Chimera / Lunate (UAE)

Multi-asset ETF suite including sukuk and
thematics.



Albilad Capital (Saudi Arabia)

Launching cross-border ETFs with CSOP HK.



Doha Bank & Al Rayan (Qatar)

Sponsors of leading QETF and QATR funds.

Opportunities for Growth

Sharia & Fixed-Income ETFs

The Gulf's investor base is heavily income- and Sharia-driven, creating deep demand for sukuk and other yield-oriented ETFs. Recent launches by Lunate and Albilad demonstrate that Islamic-compliant fixed-income ETFs are gaining traction.

Local investors, including family offices, pension funds, and retail wealth platforms, increasingly seek transparent and liquid Sharia instruments. As sukuk issuance rises across Saudi Arabia, the UAE, and Malaysia, the opportunity exists for issuers to develop diversified short-duration, sovereign-only, and laddered sukuk ETFs. These products appeal not only to regional buyers but also to international ESG and income investors seeking Sharia exposure.

Cross-Border Connectivity

The emerging Saudi–Hong Kong ETF corridor, along with the ADX–HKEX memorandum, is redefining the GCC's integration into global markets. These arrangements enable two-way capital flows, giving Asian investors access to Gulf assets and vice versa.

The cross-listing of Saudi and Hong Kong ETFs has demonstrated proof of concept, and upcoming thematic and sector-focused collaborations (AI, biotech, renewables) will deepen these ties. This connectivity positions the GCC as a natural bridge between Eastern capital pools and Western exchanges. Issuers that align their ETF designs with this cross-market narrative stand to capture new global demand.

Opportunities for Growth II

Market Upgrades

In Kuwait, the operator Boursa Kuwait has announced plans to list and trade ETFs, sukuk, and bonds in 2025, along with upgrades to its clearing and settlement infrastructure and alignment with international trading norms. In Oman, the Muscat Stock Exchange and regulator are advancing a new alternative-investment market tier and raising foreign-ownership limits, as part of a broader drive to attract global investors and strengthen market infrastructure.

As these markets modernise to international standards, early issuers of domestic index-tracking ETFs (covering domestic equities, sovereign bonds or GCC-wide exposures) may benefit from relatively limited competition, although the product base is still nascent and demand remains prospective.



Key Insight: Regulatory reforms and market upgrades in Kuwait and Oman are creating early-mover opportunities for ETFs, even as overall investor demand is still developing.

Opportunities for Growth III

Distribution Expansion

The digital transformation of brokerage and wealth platforms is increasing ETF access for retail and wealth investors. In the UAE, for example, the platform Sarwa allows users to trade international stocks and ETFs via its Sarwa Trade offering. In Saudi Arabia, the Capital Markets Authority (CMA) operates a FinTech Lab / sandbox designed to foster innovative securities- and investment-services models.

These developments are part of a broader effort to educate a new class of investors about low-cost, diversified investing via ETFs. Over time, this democratization of access, driven by digital tools, greater product availability, and local-language content, is expected to boost participation and secondary-market liquidity. Adoption of ETFs may accelerate further if regional robo-advisors and banks begin systematically incorporating ETFs into model portfolios and retirement-product offerings.



Key Insight: Digital platforms and regulatory support are unlocking ETF access for retail investors, setting the stage for faster adoption and deeper market liquidity in the region.

Opportunities for Growth IV

Institutional Allocation

The GCC region's sovereign-wealth funds alone manage nearly US\$4–5 trillion of assets. Amid this vast pool, there is emerging evidence that institutions are beginning to allocate to ETFs; for example, a major public institution in the Middle East committed nearly US\$5 billion to fixed-income ETFs.

Meanwhile, the regional ETF ecosystem is becoming more dynamic, supported by regulatory upgrades, increasing listings, and growing awareness. While full systematic data on pension funds/insurers and broad institutional mandates is still limited, the conditions appear favourable for ETFs to become a more meaningful component of institutional portfolios in the GCC, both for tactical exposure and core building-block

Collectively, these drivers position the GCC as a region on the cusp of large-scale ETF adoption. The convergence of regulatory reform, retail digitalization, cross-border market access, and institutional acceptance is set to propel sustained double-digit growth in the ETF segment over the next five years.

Barriers to Entry

While the GCC ETF market is rich with potential, issuers face a unique combination of structural and operational challenges that can slow product development and adoption.

Liquidity Constraints

Secondary-market liquidity remains limited in most GCC exchanges. Despite progress on market-making frameworks, many ETFs trade at low volumes, relying heavily on seed capital and market-making incentives to maintain spreads. Most ETFs are concentrated in Saudi Arabia and the UAE, where institutional and retail participation is growing, but smaller markets still struggle to attract consistent daily turnover. Issuers must budget for extended seeding periods, liquidity support programs, and incentives for authorized participants to sustain on-screen liquidity.

Regulatory Fragmentation

Each GCC jurisdiction has its own regulatory authority, the **Capital Market Authority (CMA)** in Saudi Arabia, the **Securities and Commodities Authority (SCA)** in the UAE, and the **Qatar Financial Markets Authority (QFMA)**, each with different listing, distribution, and cross-border marketing rules.

This fragmentation complicates regional fund passporting, cross-listings, and investor marketing. While regulators are increasingly coordinating (e.g., CMA–HKEX MoU, SCA–HKEX cooperation), harmonization remains limited. Issuers seeking to distribute region-wide must navigate multiple application processes, disclosure requirements, and Sharia certification standards.

Barriers to Entry II

Index Availability and Customization

The shortage of locally relevant, investable benchmarks continues to limit product innovation. Many ETF ideas require bespoke indices covering GCC sectors, sukuk, or ESG themes, but local index providers remain underdeveloped. Global index firms like MSCI, FTSE Russell, and S&P have launched regional benchmarks, yet customization for Sharia compliance or liquidity-adjusted weighting adds cost and time.

Developing credible, transparent, and regulator-approved benchmarks remains one of the key bottlenecks to faster ETF proliferation.

Operational Infrastructure and Market Plumbing

Despite infrastructure upgrades, challenges persist across the ETF value chain, from creation/redemption processes to custody and FX management. Custodial networks for ETFs are still limited in smaller markets, while cross-currency settlements (USD, AED, SAR, QAR) add operational complexity. The absence of a unified regional clearinghouse for ETF trades means each jurisdiction maintains its own settlement system.

Market-makers also face limited access to intraday funding lines or cross-border hedging facilities, constraining arbitrage and efficient price discovery.

Barriers to Entry III

Distribution Depth and Investor Education

ETF distribution in the GCC remains primarily broker-driven, with limited use of financial advisers or platform-based distribution. Retail investors often perceive ETFs as niche or complex compared to mutual funds or direct stock holdings. The lack of Arabic-language educational content, combined with a shortage of trained ETF sales teams, restricts broader awareness. As digital brokers expand, education and simplified product messaging will be crucial to bridging this gap. Issuers entering the market must invest in targeted investor education campaigns, digital content, and partnerships with fintechs to build lasting retail engagement.

Other Structural Barriers

- **High Seeding Requirements:** Most exchanges require substantial initial AUM or seed capital to list, increasing upfront costs.
- **Limited Institutional Mandates:** Many regional pension funds and sovereigns still operate under investment guidelines that restrict ETF usage.
- **Currency and Tax Considerations:** Differences in settlement currencies and the absence of double taxation treaties in certain cases can complicate cross-border listings.
- **Talent and Expertise Gap:** ETF portfolio management and market-making expertise are still nascent in the region, requiring international partnerships or imported talent.

In short, while the GCC ETF market has significant structural tailwinds, issuers must plan for an extended establishment phase. Liquidity, infrastructure, and investor education remain the main friction points to achieving sustainable growth and regional integration.

Cross-Border ETF Developments: GCC–China/Hong Kong Corridor

A major structural trend in 2024–2025 is the rise of ETF connectivity between the GCC and China/Hong Kong. These initiatives are transforming the region's ETF ecosystem and deepening financial linkages with Asia.

Saudi Arabia ↔ Hong Kong

- In late 2023, HKEX listed the first Asia-Pacific ETF tracking Saudi equities (CSOP Saudi Arabia ETF), which now exceeds US\$1.3bn AUM.
- In late 2023, the CSOP Saudi Arabia ETF (HKEX: 2830 / 82830) became the first Asia-Pacific ETF tracking Saudi equities listed in Hong Kong. It had initial assets > US\$1 billion and as of July 2025 AUM ≈ US\$1.34 billion.
- In May 2025, Hong Kong introduced the Premia BOCHK Saudi Arabia Government Sukuk ETF, the first Sharia-compliant Saudi sovereign debt ETF listed in Asia.
- In turn, Tadawul launched the Albilad CSOP MSCI Hong Kong China Equity ETF (9410.SR) in October 2024, offering Saudi investors access to Hong Kong-listed Chinese firms.
- The SABI HK ETF further broadened Saudi access to Asian equity markets, becoming the first Hang Seng tracker listed on Tadawul.

Cross-Border ETF Developments: GCC–China/Hong Kong Corridor II

Regulatory & Institutional Collaboration

- The Saudi Capital Market Authority (CMA) and Hong Kong Securities and Futures Commission (SFC) are finalizing a Memorandum of Understanding to enable deeper fund distribution, dual listings, and operational interoperability.
- HKEX is planning a representative office in Riyadh to support the ETF pipeline and cross-market cooperation.
- ADX and HKEX signed a landmark MoU in September 2025 to allow mutual recognition of ETFs and fund cross-listings, expanding the corridor beyond Saudi Arabia to the wider GCC.

Strategic Significance

- Two-way capital flows: GCC investors gain access to Asian growth stories, while Hong Kong investors gain access to Saudi equities and sukuk.
- Product innovation: These are the world's first cross-listed Sharia-compliant ETFs connecting the Gulf and Asia.
- Thematic expansion: Future product plans include AI, biotech, and ESG ETFs co-developed under this GCC–Asia framework.
- Geopolitical alignment: Reinforces the GCC's "Look East" diversification agenda, aligning with China's Belt and Road financial strategy.

Retail Opportunity and Market Readiness

Retail Potential

Retail investors across the GCC are becoming a powerful force in the region's capital markets. The ETF opportunity among this group is significant, driven by:

- High savings and disposable income: GCC households maintain among the highest savings rates globally.
- Digitally native demographics: Over 60% of the population is under 35, with strong mobile adoption rates. Source: PWC
- Growing appetite for self-directed investing: Retail trading volumes on ADX and Tadawul have doubled since 2020.
- Desire for transparent, low-cost products: ETFs align with the region's emerging retail investing culture, especially among younger, tech-savvy investors.

However, ETF penetration among retail investors remains very low. Awareness, education, and accessibility remain key hurdles. The lack of understanding around how ETFs differ from mutual funds or single stocks is a major barrier to mainstream adoption.

Retail Opportunity and Market Readiness II

Brokerage Infrastructure

The local brokerage ecosystem is evolving quickly to meet this demand:

- **Saudi Arabia:** Tadawul now hosts several app-based brokers (e.g., Al Rajhi, SNB Capital, eToro, and new digital entrants) offering direct ETF trading. CMA's support for fintech licensing is accelerating this trend.
- **UAE:** ADX has become a leader in retail access with firms like Sarwa, Baraka, and International Securities enabling fractional share and ETF trading. Cross-border access to global ETFs is improving via local fintech partnerships.
- **Qatar, Kuwait, and Oman:** Platforms remain less developed, though regulators are encouraging digital brokerage licenses and online account openings. Qatar's QFMA is actively engaging with fintech startups to broaden access.

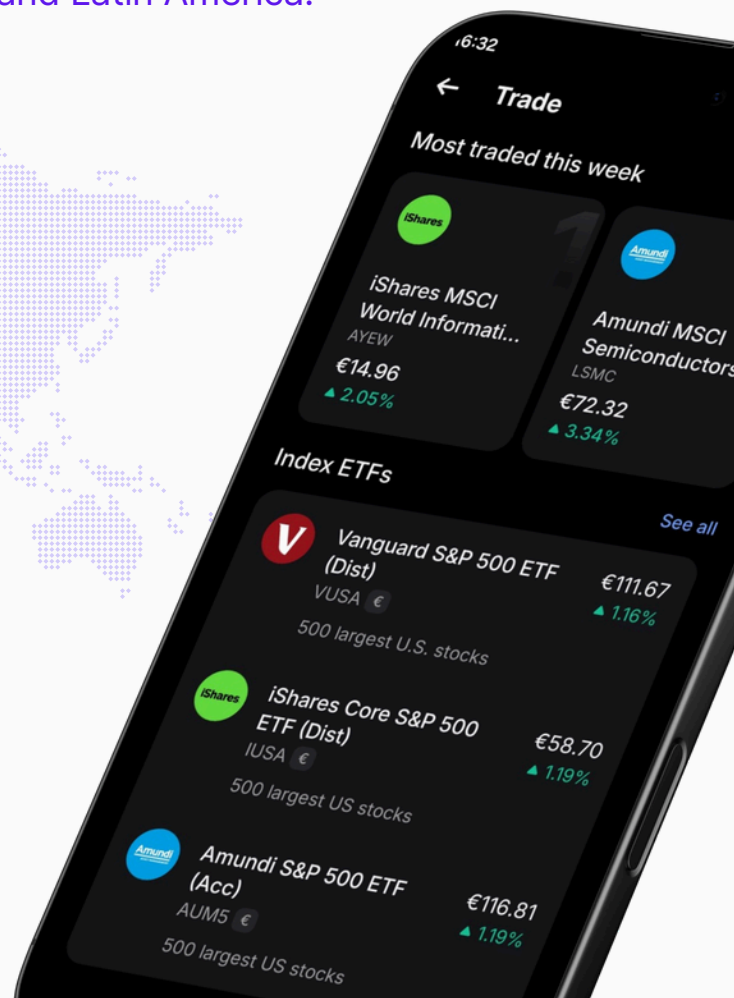
Despite progress, **execution costs, minimum trade sizes, and education gaps** remain obstacles. While the infrastructure exists, awareness and product familiarity lag far behind Western and Asian markets.

Retail Adoption Outlook

Over the next 3–5 years, the retail opportunity is likely to accelerate as:

- Exchanges integrate ETFs into mobile investing apps.
- Banks and robo-advisors introduce ETF-based model portfolios.
- Regulators push for greater retail access and transparency.
- Finfluencers and financial education platforms promote ETF literacy.

If current momentum continues, **retail investors could account for 25–30% of ETF trading volume in Saudi Arabia and the UAE by 2030**, mirroring early-stage adoption patterns seen in Asia and Latin America.



Outlook

The GCC ETF market is small but scaling quickly. As Saudi and UAE exchanges compete to become the regional ETF hub, first-mover advantage will accrue to issuers who combine credible local partnerships with global distribution reach.

With new frameworks in Kuwait and Oman, continued Sharia innovation, and deepening links to Hong Kong and China, the coming years could see the GCC transform from an ETF backwater into one of the most dynamic emerging ETF ecosystems globally. Retail adoption and fintech enablement will be critical accelerants of that growth.



Appendix

Issuer	Name	Ticker	Asset Class	AUM in Mn (\$)	Domicile	Listing
Al Rayan Investment LLC	Al Rayan Qatar ETF	QATR	Equity	129.32	Qatar	QSE
Doha Bank Q.P.S.C.	Qatar Global ETF	QETF	Equity	118.19	Qatar	QSE
Alinma Investment Company	Alinma Saudi Government Sukuk ETF Fund - Short Maturity	9404	Fixed income	115.05	Saudi	Tadawul
Yaqeen Capital	YAQEEEN 30 ETF	9400	Equity	11.17	Saudi	Tadawul
Falcom Financial Services	FALCOM PETROCHEMICAL ETF	9401	Equity	2.32	Saudi	Tadawul
HSBC Saudi Arabia	HSBC MSCI Tadawul 30 Saudi ETF	9403	Equity	3.62	Saudi	Tadawul
Albilad Capital	Albilad Gold ETF	9405	Commodity	37.94	Saudi	Tadawul
Albilad Capital	Albilad Saudi Sovereign Sukuk ETF	9403	Fixed income	17.66	Saudi	Tadawul
Albilad Capital	Albilad MSCI Saudi Growth ETF	9408	Equity	3.88	Saudi	Tadawul
Albilad Capital	Albilad MSCI US Tech ETF	9407	Equity	6.16	Saudi	Tadawul
Albilad Capital	Albilad MSCI Saudi Equity ETF	9412	Equity	85.32	Saudi	Tadawul
SAB Invest	SABI QUANT ETF	9402	Equity	111.86	Saudi	Tadawul
Yaqeen Capital	YAQEEEN ESG ETF	9409	Equity	2.84	Saudi	Tadawul
SAB Invest	SABI HK ETF	9411	Equity	656.1	Saudi	Tadawul
Yaqeen Capital	YAQEEEN Petrochemical ETF	9410	Equity	2.32	Saudi	Tadawul
Albilad Capital	Albilad US Equity ETF	9406	Equity	3.27	Saudi	Tadawul

Appendix II

Issuer	Name	Ticker	Asset Class	AUM in Mn (\$)	Domicile	Listing
Lunate	Chimera FTSE ADX 15 ETF	CHADX15	Equity	67.24	UAE	ADX
Lunate	Chimera S&P UAE UCITS ETF	CHAE	Equity	0.94	UAE	DFM
Lunate	Chimera S&P UAE Shariah ETF	CHAESHIN	Equity	2.22	UAE	DFM
Lunate	Chimera S&P China HK Shariah ETF	CHHK	Equity	6.58	UAE	ADX
Lunate	Chimera S&P Germany UCITS ETF	GRMNY	Equity	2.96	UAE	ADX
Lunate	Chimera S&P India Shariah ETF	INDI	Equity	8.55	UAE	ADX
Lunate	Chimera S&P Japan UCITS ETF	JPANI	Equity	3.36	UAE	ADX
Lunate	Chimera S&P Kuwait Shariah ETF	KWTI	Equity	8.66	UAE	ADX
Lunate	Chimera S&P Pakistan UCITS ETF	PKSTN	Equity	3.15	UAE	ADX
Lunate	Chimera S&P KSA Shariah ETF	SAUDIA	Equity	29.68	UAE	ADX
Lunate	Chimera S&P Turkey Shariah ETF	TURKI	Equity	10.94	UAE	ADX
Lunate	Chimera S&P UAE Shariah ETF	UAEA	Equity	41.04	UAE	ADX
Lunate	Chimera S&P UAE UCITS ETF	UAED	Equity	45.44	UAE	ADX
Lunate	Chimera S&P US Shariah Growth ETF	USGRWTH	Equity	6.08	UAE	ADX
Lunate	Chimera S&P US Shariah Value ETF	USVALUE	Equity	3.62	UAE	ADX
Lunate	Chimera JP Morgan UAE Bond UCITS ETF	BONDAE	Fixed income	4.68	UAE	ADX
Lunate	Chimera JP Morgan Global Sukuk ETF	SUKUK	Fixed income	4.81	UAE	ADX
Lunate	Chimera iBoxx US Treasury Bill ETF	USTBILL	Fixed income	2.2	UAE	ADX
Lunate	Boreas Solactive Quantum Computing UCITS ETF	QUANTM	Thematic	10.15	UAE	ADX



We connect the ETF ecosystem, educate the market, and bring ETFs to more people.

Founded in 2019, Blackwater is a specialist talent and education firm dedicated exclusively to the global ETF industry. Our team of former ETF professionals brings over 50 years of combined experience from leading asset managers, allowing us to offer deep domain knowledge and a truly consultative approach.

Blackwater is the only firm focused exclusively on talent, education, and insights for the global ETF industry.

- **Talent** – We work with ETF issuers, market makers, index providers and service firms to identify, hire, and retain high-performing professionals.
- **Education** – Through the [ETF Training Hub](#) and [etfcareer.com](#), we provide learning and career development opportunities tailored to the needs of ETF professionals at every stage.
- **Insights** – Our research equips the ETF ecosystem with the intelligence it needs to grow and thrive.
- **Creative** – From branding and design to marketing campaigns and thought-leadership content, we help ETF firms tell their story with clarity, impact, and credibility.

At Blackwater, we connect the ETF ecosystem, educate the market, and bring ETFs to more people.

► To learn more or explore how we can support your goals, visit blackwateretf.com or contact us at enquiries@blackwateretf.com.