



بورصة قطر
Qatar Stock Exchange

LISTING ON QATAR STOCK EXCHANGE

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BACKGROUND

Listing on Qatar Stock Exchange (“QSE”), or going public, is the process of offering shares of a previously privately owned company to the general public. In Qatar the initial public offering (“IPO”) process is governed by aspects of Qatar’s commercial law provisions, regulated by the Qatar Financial Markets Authority (“QFMA”) but leads to a company’s shares being traded on the QSE platform.

Any decision to list your company’s shares on QSE is a significant one and would represent a historic milestone in your company’s development. Such a decision should be made after due consideration of the alternative strategies available to achieving your corporate objectives.

Listing is a complex and potentially time-consuming process which can be split into three broad phases: preparing to go public, the offering itself, and thereafter, life as a public company. There are likely to be challenges along the way, but for companies for whom going public is a strategic objective supported by a thoughtful and well developed business plan a listing on QSE offers tangible benefits.

WHY LIST ?

There are many and varied reasons why a company may list and the relative importance of each argument will depend on individual circumstances. However the following are commonly identified as the major benefits.

Diversification of funding options: Going public means your company can choose to decrease your reliance on shareholder funds/loans, borrowings and cash from operations. Raising capital through a share offering can reduce the risk of founding shareholders in growing the business by giving access to a wider investor base and in doing so supporting growth, investing in assets, expanding R&D or retiring debt.

Status and profile: A listing means high visibility for your company and the widespread distribution of your shares in Qatar raises public awareness of your brand and products or services. In a growing market such as Qatar your company will be positioned as a “champion” in your field of expertise.

Offering liquidity and a valuation: For family, financial or minority shareholders a public offering “monetises” the value of the company at a market-driven price and the liquidity provided enables shareholders to more easily realize that value if, and when they so choose.

Optimizing valuation: The value of public companies tends to be higher than for comparable privately held companies (as a consequence of liquidity and transparency). Issuing shares by way of private placement typically leads to lower valuations and greater dilution.

Optimizing financial status: Selling shares to the public increases your equity base benefiting the balance sheet and allowing your company to create further leverage often at more favourable terms. Companies can find that the perception of their financial strength is improved which gives comfort to customers and suppliers alike and may even deliver an improvement to the terms of business.

Employee incentivisation: A public market in your company’s shares means employee share schemes enable staff to share in the company’s financial success and increases their commitment to the business. You may also benefit from the quality of the staff you can attract.

Increased acquisition options: Acquisitions of private or listed companies are often more easily completed if your company is publicly traded and your shares have a transparent market value.

Organizational efficiencies: The drive for disclosure forces a re-evaluation of systems/controls and management information improving the underlying operational efficiency of the business.

OTHER CONSIDERATIONS

It is worth noting the “price” of going public which is not just measured in monetary terms.

Dilution of shareholding - a public offering of shares involves a degree of management control being giving up as outside shareholders views need to be take into account.

Public scrutiny - under disclosure requirements in Qatar details of your company’s operations and finances must be made public on a regular basis.

Management time - over and above the time devoted to the IPO process senior management are required to devote resources to disclosure and investor relations activities which would otherwise be directed to running the business.

Market volatility - whilst you may invest time and effort in communicating your vision and company prospects market conditions may mean your company’s share price does not accurately reflect your business potential.

Cost – there will be increased costs given the need for producing and publishing audited financials and the associated compliance procedures.

ARE YOU “RIGHT” FOR LISTING?

To go public on QSE your business must satisfy three broad constituents: the QFMA who set the specific regulatory requirements which you have to meet, QSE's admission requirements which are run in parallel to the QFMA requirements and in addition the investment community whose view of your company's prospects, will determine the success of your public offering.

REGULATORY REQUIREMENTS

Incorporation - be a Qatari joint-stock company licensed by the Ministry of Commerce & Industry ("MC&I")

Capital - minimum subscribed capital of QR 40,000,000.

Shareholders normally 200 shareholders.

Disclosure - publish a prospectus approved by QFMA.

Accounts - have pro-forma two-years track record.

Free float - at least: 20%

MARKET REQUIREMENTS

Leading market
position

Above market
growth prospects

Brand strength

Scalable business

High barriers to
entry

Robust financial
model

Track record as well
managed business

Management
quality

Commitment to
corporate
governance and
transparency

Sound business plan

QATAR STOCK EXCHANGE TODAY

QSE's primary aim is to support Qatar's economy by giving investors a platform through which they can trade fairly and efficiently based on principles of transparency. QSE is part of a comprehensive national strategy that aims to establish Qatar as a world class international market and reinforce the country's position as a regional financial centre by introducing new trading products, technology and international investors to Doha. For the trading of listed companies we provide:

Critical mass of Qatar's leading companies.

Leading technology platform.

Liquidity in both the primary and secondary market.

Product choice.

Robust regulatory framework.

NEXT STEPS

Should you believe that going public is a realistic objective for your company QSE is here to help you.

We have a team with significant experience in guiding management through the process and we encourage you to tap this information source early in your decision making process.

For more information please contact:

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