



Arab Federation of Exchanges

اتحاد البورصات العربية

Improving Foreign Investment in MENA

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Presentation Plan

- ❑ Investor's priorities
- ❑ Enhancing Liquidity in MENA Exchanges
- ❑ Dedicated SME Equity Market

Investor's Priorities

- GDP growth rate
- Attractive return
- Tax incentives
- Investor protection law
- Full disclosure and transparency
- Political/Social/Legislative stability
- Absence of Capital control
- Adequate financial network (Banks, CSDs...)
- Relevant Infrastructure and human capital
- Dedicated market for SMEs

- Startups incentives
- Rating agencies coverage
- Acceptable Sovereign Risk
- Sectors diversification
- Exchange rate stability
- Foreign ownership allowance:
 - Dubai: Law to allow 100% foreign ownership for non-oil onshore business sectors expected in Q4 2018
 - Saudi Arabia: Foreign ownership raised from 20% to 49% since September 2016
- An exit platform (a liquid Exchange)

Enhancing Liquidity in MENA Exchanges

- Short selling
- SBL
- Incentives for Market Makers
- Attractive level of commission
- Online and Algorithmic trading
- Direct Market Access
- T+2 or T+3 settlement cycle and DVP
- Joining international indices (S&P, MSCI, FTSE)
E.g. Egypt in 2001 , UAE and Qatar in 2014, Saudi Arabia expected in 2019, and soon Kuwait

Dedicated SME Equity Market

Reduce listing requirements related to:

- Free float
- Profitability requirements
- Market capitalization
- Number of shareholders
- Paid-up capital
- Registration & listing fees
- Some disclosure obligations

Thank You