Kuwait Times
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12 KFH opens new banking lounge for Ruwwad, Tamayyouz customers

13 Fast-fashion retailer Forever 21 to file for bankruptcy, close 178 US stores

14 Volkswagen faces first mammoth diesel lawsuit on its home turf

KUWAIT: Kuwait's Capital Markets Authority (CMA) will launch the public offering of Boursa Kuwait Securities Company (BKSC) today.

Boursa Kuwait public offering starts today

Boursa Kuwait privatization key to realizing 'Kuwait Vision 2035' goals

KUWAIT: Kuwait's Capital Markets Authority (CMA), the regulatory body for securities and current owner of 50 percent of Kuwait's only stock exchange, Boursa Kuwait Securities Company (BKSC), will launch today the public offering of its full stake in BKSC. Upon conclusion of the public offering, 94 percent of Boursa Kuwait will be owned by private investors (corporate and individual investors), making it the only stock exchange in the Gulf that is 94 percent owned by the private sector.

The transaction, led and managed by KAMCO Investment Company, is the second and final phase of the privatization process of Boursa Kuwait following the sale of 44 percent of the company to strategic investors in February 2019.

Public offering highlights

• Subscription period: October 1, 2019 to December 1, 2019.

• Eligibility: By law, CMA's 50 percent stake in BKSC is offered only to Kuwaiti citizens.

• Offering price: 100 fils per share

CMA Chairman of the Board of Commissioners and Managing Director Dr Ahmad A Al-Melhem said, "This transaction is a landmark transaction in the history of Kuwait's capital markets, and an important step towards achieving the ambitious national development goals set out in Kuwait Vision 2035 with an aim to strengthen the country's position as a regional financial center and give the private sector a stronger role and a greater opportunity to develop the national economy."

He added, "Kuwait, home to the first stock exchange in the Gulf, will soon become home to the only stock exchange in the Gulf that's 94 percent owned by the private sector. This move not only validates Kuwait's reform policy but also reflects the CMA's commitment to upgrade the Kuwaiti capital markets and its core drivers."

Boursa Kuwait was founded in 2014 by the CMA Board of Commissioners Resolution No 37/2013 to replace the Kuwait Stock Exchange (KSE).

Since then, the CMA has embarked on a mission to transform the company into a leading regional exchange that is built on global best practices and structures. The transformation program introduced reforms to increase competitiveness and liquidity, reinforce transparency and management, elevate investor confidence, and attract international, regional, and domestic investments.

As a result of the successful implementation of these reforms since 2014, Boursa Kuwait was upgraded to Emerging Market status by the leading global indices. The exchange was included FTSE Russell Emerging Markets Index (FTSE) in September 2017 and S&P Dow Jones Global Benchmark Indices with an emerging market classification in December 2018. The privatization process is being implemented in two phases. The first phase took place in February 2019 wherein by law and through an open and transparent process, a strategic consortium consisting of domestic and international Securities Exchange operator acquired a 44 percent stake in the company.

The consortium comprised Athens Stock Exchange, National Investments Company, First Investment Company, and Arzan Financial Group. The second phase, the nation-wide IPO, is expected to be implemented in the last quarter of 2019 with the distribution of the CMA's 50 percent stake in the company to citizens. Upon the allocation of the remaining 50 percent of Boursa Kuwait's shares, Boursa Kuwait will be owned by citizens and the private sector (94 percent), while the Kuwaiti government through the Public Institution for Social Security will retain the remaining 6 percent.

KUWAIT: CMA Chairman of the Board of Commissioners and Managing Director Dr Ahmad A Al-Melhem during a press conference. — Photo by Yasser Al-Zayyat

Fitch cuts Saudi credit rating; oil prices drop

DUBAI: Rating agency Fitch downgraded Saudi Arabia's credit rating to A from A+ yesterday, citing rising geopolitical and military tensions in the Gulf following an attack on its oil facilities and a deterioration of the kingdom's fiscal position.

The Saudi finance ministry said it was disappointed by the "swift" downgrade and urged Fitch to reconsider it, arguing the move did not reflect the kingdom's response to the Sept. 14 attack or its capacity to handle adversity.

The move - which places Saudi Arabia one notch above the assessment of peer rating agency S&P Global - is a blow to the largest Arab economy as it seeks investment to diversify away from oil and prepares a potential international sale of US dollar denominated Islamic bonds.

"In our view, Saudi Arabia is vulnerable to escalating geopolitical tensions given its prominent foreign policy stance, including its close alignment with US policy on Iran and its continued involvement in the Yemen war," Fitch said yesterday.

"We have revised our assessment of the vulnerability of Saudi Arabia's economic infrastructure to regional military threats as a result of the most recent attack," Fitch said. Fitch is the first agency to change Riyadh's credit rating- used by investors to assess the level of risk associated with a debt issuer - since the attacks. S&P Global Ratings last week affirmed its A-(minus) rating, saying however that its rating could come under downward pressure should the country's oil infrastructure undergo repeated foreign attacks.

Meanwhile, oil prices fell more than one percent yesterday after Saudi Arabia said war with Iran would destroy the world economy and hinted instead at a non-military solution. Washington, Riyadh, Berlin, London and Paris blame Iran for attacks that damaged the Saudi oil sector on September 14 and forced the world's largest crude exporter to sharply reduce production.

"In terms of geopolitical concerns, common sense is prevailing for now in Saudi Arabia," noted analyst Naeem Aslam at traders ThinkMarkets, in reference to the comments by Saudi Arabia's crown prince in an interview with CBS show "60 minutes" broadcast over the weekend. Mohammed bin Salman said a war would be catastrophic for global growth.

"Oil supplies will be disrupted and oil prices will jump to unimaginably high numbers that we haven't seen in our lifetimes," the prince said. "The region represents about 30 percent of the world's energy supplies, about 20 percent of global trade passages, about four percent of the world GDP. Imagine all of these three things stop," he said.

"Oil supplies will be disrupted and oil prices will jump to unimaginably high numbers that we haven't seen in our lifetimes," the prince said. "This means a total collapse of the global economy, and not just Saudi Arabia or the Middle East countries." —Agencies