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Going Public: A Challenge to GCC Companies

A new article is out now about GCC companies going public and the challenges they face.

As part of the process of liberalizing and reforming the capital markets, GCC regulators have started to ease restrictions on foreign investment and promote Initial Public Offering (IPO). They are currently requiring family-owned businesses to list 55% of their shares when going public. In fact, several companies are planning to enter the financial stock exchange market and it is estimated that as many as 48 companies in the GCC had already assigned an IPO manager for their listings, while another 78 plan to have their IPOs by 2011. However, the current global financial crisis has forced many companies to delay their IPOs indefinitely citing market conditions as a direct cause. Yet, another underlying reason making companies reluctant to list on the region's exchange markets is the fear of losing control.

While market climate is an important consideration in launching an offering, and since it is difficult to predict when IPO activity will recover, smart companies must take the time to adequately prepare for public life before taking that step. This paper outlines some of the key steps companies should take in the pre-IPO process in order to maximize their chances of a successful offering and a long and prosperous life as a public enterprise.

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