

SMI Markets: Kuwait

Date: 04 Aug 2014

CSDs: KCC (Kuwait)

## CMA to Establish the Kuwait Securities Bourse

The Capital markets Authority (CMA) has announced the establishment of the new stock exchange company, the Kuwait Securities Bourse (KSB). The new entity will replace the company structure of Kuwait Stock Exchange (KSE), paving the way for its privatisation.

The KSB is owned wholly by the CMA, with a total capital of KWD 60 million at an estimated 600 million shares, subscribed capital of KWD 6 million and paid-up capital of KWD 1.5 million.

In the future, the KSB will be demutualised; a share of 50% KSB capital will be available for the public Kuwaiti citizens via an Initial Public Offering (IPO), whereas the remaining 50% will be allocated to KSE-listed companies, according to Law Number 7 of 2010. The timeline for the IPO has yet to be announced.

The official release by the CMA can be found here (in Arabic): [Press release on the establishment of KSB](#).

## Market Information Impact

### Kuwait

This information affects the data contained in the Stock Market sections of the Securities Market Information Service.

## CSD Risk Impact

### KCC (Kuwait)

CSD Rating: A-

CSD Flash Impact: Stable

Impacted Risk Type: Financial Risk

Current Rating = A

Flash Impact = On Watch

KSE owns 27.8% of KCC. Accordingly, the change in legal vehicle of the exchange will imply a change in ownership of the depository. Nevertheless, there is limited information on the treatment of KSE asset's and in particular the exchange's stake in KCC. Theoretically, the management of the new legal structure could influence a change in the depository's strategy in the medium to long term. However at this stage, that remains unclear. In this context, we believe KCC's Financial Risk should be set as 'On Watch'.

Related Flash: [Establishment of Kuwait Stock Exchange Company, 16/12/2013 \(click to view\)](#)

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