



# IPO: THE ROAD TO GROWTH

# WHY LIST ON BAHRAIN BOURSE

Bahrain Bourse (BHB) was established in 1987, and is considered home for some of the region's best known companies, many of which are now dual-listed. With a combined market capitalization of approximately US\$ 26 billion and access capital from the widest set of international investors, BHB provides an attractive listing venue for companies considering going public and looking to unlock their growth potential.

## **Multi-Asset Multi-Currency**

Our systems are configured to enable multi-currency listings, providing you with yet a wider selection of choices. Our trading system is also run on multi-assets, allowing listing of equities, sukuk, bonds, treasury bills, or REITs.

## **Free-flow of Capital**

Bahrain's business-friendly environment allows free flow of capital due to the favorable tax regime (0% tax).

## **State-of-the-Art Trading Platform**

Bahrain Bourse invests heavily in technology. Our trading market is run on NASDAQ OMX's state-of-the-art X-stream system, which is used by many of the largest markets around the world. Trading occurs on a strict time/price priority basis and settlement occurs securely in EQUATOR on a T+2 basis.

## **Competitively-priced Fee Structures**

Bahrain Bourse's fee structures are designed to offer companies value for money at every stage of the listing process.

## **World-class Regulation**

The Regulator's listing framework in the Kingdom underpins Bahrain's reputation for a balanced and globally-respected standards of regulation and corporate governance, well-known for its sophisticated capital market regulation and best protection of investor rights as issued by the Central Bank of Bahrain and Bahrain Bourse.

## **No Foreign Ownership Restriction**

Companies established in Bahrain are allowed to have 100% foreign ownership other than those restrictions stipulated in the Memorandum and Articles of Association.

# WHY LIST ON BAHRAIN BOURSE

## Dual-Listing Opportunity

Bahrain Bourse allows cross-listing of shares in selected jurisdictions enabling companies with greater exposure opportunities and increased coverage on multiple markets .

## International Investor Base

Bahrain's capital market offer an opportunity to reach a global investor base with a high foreign participation share.

## Wider Range

Listed securities on the (BHB) are tradable through both domestic and international brokers without having the need to go through a representative local broker, providing a wider network access and wider reach to listed securities

## Investor Confidence

BHB markets are regulated by the Central Bank of Bahrain, and our listed companies are required to adhere to continuous disclosure obligations aimed to enhance investor confidence and to the Corporate Governance standards issued by the Central Bank of Bahrain.

## Post-listing Value-added Services

BHB offers you an array of post-listing value-added services including AGM Management, shareholder management, and registrar services, amongst many.



**Your Growth Accelerator**



# LEVERAGING THE ADVANTAGES OF LISTING

There are a multitude of benefits that can enhance your business and leverage the growth potential of your company. We are here to help you make all the right choices.

## **Access to Capital for Growth**

Listing provides your company with the opportunity to expand its growth strategy through capital raising. Once listed, companies can benefit from follow-on listing opportunities either through secondary offering or in the form of a corporate debt instrument, which is typically conducted at a reduced cost and time.

## **Higher Public and Investor Profile**

Being listed automatically provides your company with a public-status which is reflected on both its share profile as well as products/services awareness.

## **Enhanced Corporate Governance**

Being listed disciplines a company through the adoption of a more rigorous systems, controls and management information, leading to greater operating efficiency of the business.

## **Credibility**

Companies whose shares are publicly traded in an exchange attain higher credibility before the financial institutions and the money markets; hence, they have a relative advantage in securing loans and commercial credits at lower costs.

## **Institutional Investment**

Listed companies can attract professional and institutional investment due to increased transparency and trading liquidity. Institutional investors can bring increased business credibility, stability and wider business networks.

## **Improved Valuation**

Being listed generates an independent valuation by the market, which most probably is higher than the valuation associated with a closed company, enabling you to benefit from a higher valuation in the event of a merger, sale, or acquisition.

## **Employee & Management Commitment**

Being listed enables companies to provide their employees and management with attractive remuneration packages through structured employee bonus shares. This can help align the interests of employees with the organization's goals by increasing their long-term commitment. Incentive schemes provide employees an opportunity to benefit from the company's growth, which helps to attract and retain top-notch professionals.



**We Have A Market to  
Suit Your Every Need**



# WHICH MARKET?

Whatever your company's size, we can put you at the forefront of the region's most sophisticated financial centers.



**Equity  
Market**

**Debt  
Securities**

**Mutual  
Funds**

**REITs**

**T-Bills**

**Special  
Order  
Market**

**IPO  
Market**

# ELIGIBILITY REQUIREMENTS

In order to ensure the quality of the markets we operate, there are requirements a company has to meet to be eligible for listing. To list on Bahrain Bourse, a company must satisfy minimum admission criteria, including structure, size and number of shareholders.



## Capital Requirement

Minimum paid-up capital requirement of BD 1 million (approx. US\$ 2.65 million), representing 10 million fully paid-up shares. Issued shares must carry equivalent-class rights.



## Free-float Requirement

In order to be eligible for listing, at least 10% of the entire class of shares must be offered to/ held by the public in order to ensure sufficient liquidity in the shares.



## Shares Transferability

No restrictions on the transfer of the company's share ownership between the investors are imposed by the company's Articles of Association, or by the laws of the country of its incorporation

### Minimum Number of Shareholders

Prior to being listed, a prospective company must have a minimum number of 100 shareholders excluding employees and associated persons.



### Legal Status

Companies considering listing must ensure that the company is duly incorporated, validly existing and operating in conformity with its Memorandum & Articles of Association, and that the company is duly authorized and have all necessary statutory and other consents. In Addition, the shares of the company must be freely transferable, fully paid and free from any liens or restrictions on the right of transfer



### Accounting Standard

Audited financial accounts must be prepared in accordance with IFRS or AAOIFI standards or other accounting standards acceptable by the CBB



### Audited Historical Financial Statements

A company seeking listing must have audited accounts for at least the last three financial years, and the most recent must be for a period ended not more than six months prior to the date of the prospectus. The most recent statement should indicate profits representing at least 10% of the paid-up capital.



# LISTING PROCESS

At any stage in the process, Bahrain Bourse welcomes the opportunity to find out more about your business and to help you with guidance on the listing requirements and process. We encourage you to seek our advice and clarification on listing-related issues as early as possible. At any stage in the process, Bahrain Bourse welcomes the opportunity to find out more about your business and to help you with guidance on the listing requirements and process. We encourage you to seek our advice and clarification on listing-related issues as early as possible.

<b>Appoint Advisors</b>	Professional advisers are involved with the preparation of the prospectus (offer document), participate in the due diligence process for the IPO, price the offering, market the offering to investors and be available to the company for other advice, where necessary, throughout the IPO process.	
<b>Commence Institutional Marketing</b>	Commence marketing activities to institutional investors, including IPO roadshows to generate interest and demand.	
<b>Submit Application to CBB</b>	Prepare and file application for approval of securities offering to CBB.	
<b>Submit Listing Application to Bahrain Bourse</b>	The formal listing application is lodged with BHB after obtaining final approval from CCBB. Typically, the review and approval of the application by BHB is completed within six weeks.	
<b>Commence Due Diligence &amp; Prospectus Preparation</b>	The due diligence process is run at the same time as the prospectus is drafted. A prospectus must contain all the information that investors and their professional advisers would reasonably require to make an informed assessment about: the rights and liabilities in relation to shares being offered; the assets and liabilities, financial position and performance, profits and losses and prospects of the share issuer.	
<b>Marketing &amp; Offer Period</b>	The offer to retail investors starts after the exposure period and usually is open for a period of 10 days – 6 months.	
<b>Trading Commences</b>	In the final step, the offer closes, shares are allocated and trading commences.	

# A PROSPECTUS WHAT SHOULD CONTAIN?

The prospectus must contain the information necessary for investors to make a fully informed decision, as well as a full understanding of the rights attached to the securities being offered, presented in the most comprehensible manner and must be approved by the CBB.

## Prospectus Summary

Summary	This section typically include a summary of the issuer, the offering, its business, strategy and prospects along with a summary of its financial information and the risk factors associated.
Offering Summary	This section provides a summary to prospective investors of the offering statistics and timetable, underwriting arrangement, use of proceeds, dilution, rights and obligations.
Issuer Background	This section describes the issuer's business and operations, including principal activities, business strategy, organizational structure, board composition, and key senior management.
Industry Analysis	This section provides an economic overview; industry analysis of the key competition, sectoral performance and overview.
Operating & Financial Review	This section provides investors with the information necessary to enable them to assess the key growth drivers of the company's business, of relevance to both past and future performance, and to understand management's perception. The operating and financial review will also include a description and explanation of the trends in the financial information included in the prospectus and a description of the company's sources and uses of liquidity and capital resources.
Financial Information	This section must include the issuer's key financial information, and operating prospects and projections in 'pro-forma' format, consolidated financial statements, ratios and analysis.
Other Information	<ul style="list-style-type: none"><li>• Dividend policy</li><li>• Material litigation</li><li>• Directors and senior management</li><li>• Related-party transactions</li><li>• Major shareholders, and</li><li>• Terms of the share offering and share capital</li></ul>
Risk Factors	This section describes the principal risks in relation to the company's prospects and the acquisition of its shares, which may include general risks, business risks, legal and regulatory risks; and other specific risks.



**“ Preparation is the  
secret to success ”**

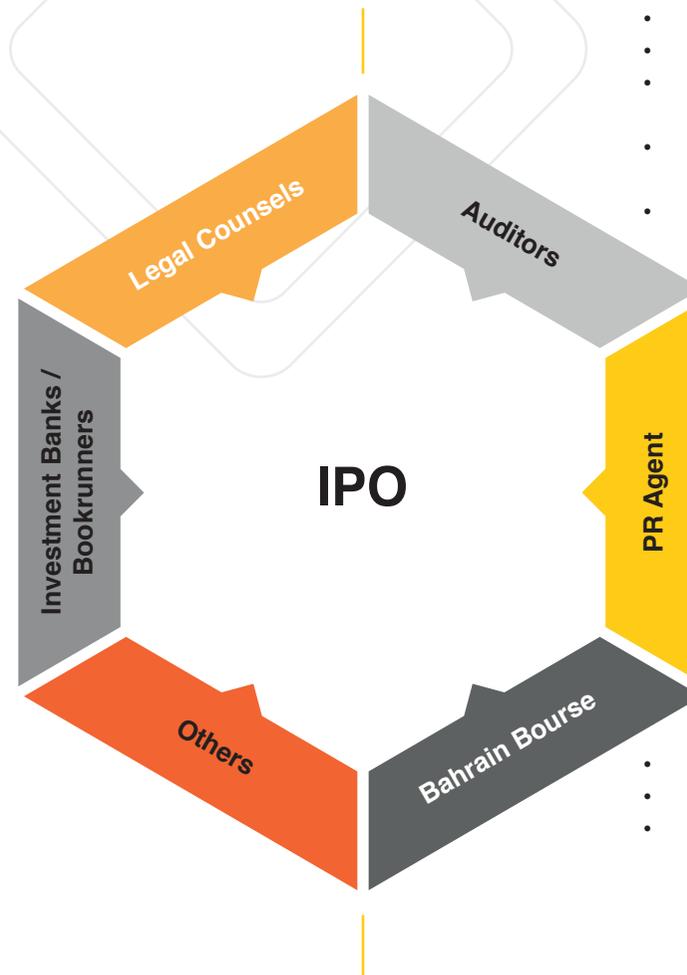
# ADVISOR'S ROLE & RESPONSIBILITIES

An initial public offering is a transformational event for a company. Hence, the preparation work for “going public” requires the orchestrated efforts of investment bankers, legal counsels, auditors, and PR agent amongst others to ensure that all requirements are promptly met. The entire process of going public may be time-consuming and presents certain unique challenges that a company should be prepared to undertake.

- Legal due diligence
- Information Memorandum preparation
- Corporate restructuring
- Provide legal opinions
- Draft legal documentation and legal opinion
- Manage the listing application

- Project coordination with the CBB
- Conduct an analysis of the company and industry to determine the level of investor demand
- Provide advice on the structure, size and timing of the IPO
- Provide advice on the offer price and number of shares in the IPO
- Conduct company valuation
- Typically Lead or joint underwriter
- Market the IPO using existing channels and contacts

- Share Registrar



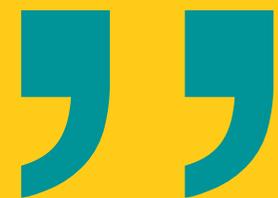
- Conduct Financial due diligence
- Prepare financial statements
- Review financials – assess company’s readiness for IPO
- Ensure that financial data is compliant and meets legal and regulatory obligations
- Conduct valuation of assets

- Develop communication strategy to support pre-IPO process
- Supervision of IPO coverage
- Organize investor roadshows
- Enhance market perceptions to develop liquidity and support share price
- Pre- and post-IPO press releases

- Listing
- Securities trading
- Supervision of corporate governance requirements



**Life Post-IPO Involves Proactively  
Communicating With The Public  
to Maintain A Positive Image**



# LIFE POST IPO

The IPO is not the end of the story, it is only the beginning. Once listed, a company will undergo far greater public scrutiny and will have a range of continuing obligations with which to comply. Public companies are required to comply with a host of reporting disclosures and requirements, the most important of which is financial reporting and timely disclosure of material information.



# LISTING FEES

Bahrain Bourse charges an initial Listing Fees upon listing and an Annual Subscription Fees while companies remain listed. Annual Subscription Fees are charged on a pro-rata basis for the first year of listing. Fees are calculated based on the paid –up capital. Fees also apply if your company raises additional capital following the IPO. The following table is a guide to Bahrain Bourse’s listing fees for equities that are applicable applies.

Equities Admission & Annual Fees				
Equities	Listing Fees	Annual Subscription Fees		
		Paid-up Capital	Fee	Min/Max Amount
Fixed Fees Local Equities (BSC Companies)	0.1% of the company’s paid-up capital, with a maximum amount of BD 15,000 and a minimum amount of BD 5,000.	BD 10 Million	0.13% of Paid-up Capital	Minimum of BD 5,000
		BD 10 Million and up to BD 50 Million	0.07% of Paid-up Capital	-
		BD 50 Million and above	0.035% of Paid-up Capital	-
		* The maximum amount of fees for the above categories is BD 80,000		
Local Closed Companies	BD 1,000	0.025% of the company’s paid-up capital (Minimum of BD 1,000 and Maximum of BD 6,000)		
Foreign Equities	0.1% of the company’s paid-up capital, with a maximum amount of BD 5,000 and a minimum amount of BD 2,000.	15% of the Fee applicable on Bahraini shareholding companies (Minimum of BD 2,000 and Maximum of BD 12,000)		
Preference Shares	0.5% of the par value of the outstanding shares with a maximum amount of BD 5,000 and a minimum amount of BD 2,000.	BD 2,000		

## **How large does my company need to be to listed on BHB?**

To be listed on the BHB your company must meet the minimum listing criteria, which includes 100 shareholders and a minimum paid-up capital of BD 1 million or more.

## **Foreign Ownership Restrictions**

There are no foreign ownership restriction imposed in the Kingdom of Bahrain.

## **What are the total costs of listing?**

The total cost of listing on BHB depends on the listing route you take and the size of the listing, amongst other variables. Total costs include listing fees, legal advice, underwriting costs, audit costs and due diligence costs. Typically, IPO costs are within the range of 5% to 10% of the funds raised.

## **At what stage should I approach BHB?**

We recommend that you approach BHB when you are first thinking of becoming a listed company. We are happy to answer your questions, provide crucial introductions, and assist you with strategic decisions.

## **Can I dual list on BHB?**

Yes. BHB welcomes dual listings whether you are listed on another exchange and want to list on BHB as well, or you are listed (or thinking of listing) on BHB and want to be listed on another international market as well. We understand the advantages of trading your company on multiple markets from around the world. Doing so gives you increased trading time zones coverage and access to multiple investor bases. We are happy to discuss your plans and help with contacts to expedite the process.

## **What are the next steps?**

If you are considering listing your company we would welcome the opportunity of discussing your plans, and listing options available.



**Join Us Today**



# CONTACT US

“ We'd like to hear from you. Please contact us on the below noted information to discuss your requirements ”

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# An Oasis of Investment Opportunities

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