



News release

Middle East stock exchanges must deliver greater transparency, says new report

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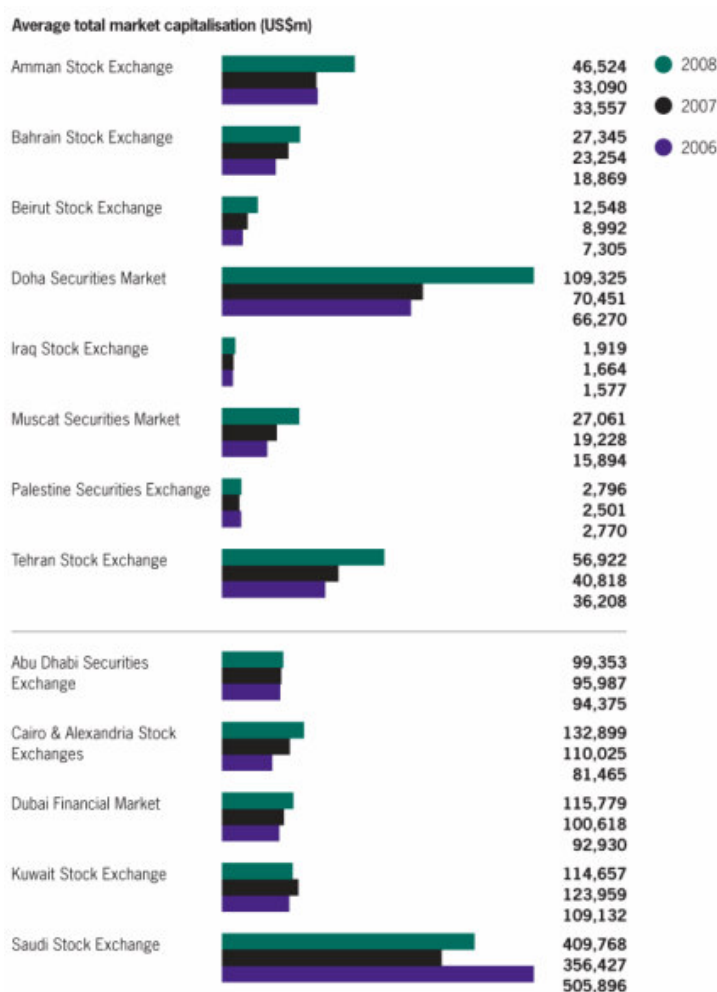
Transparency and corporate governance are emerging as critical issues for capital markets in the Middle East, according to a new report from Grant Thornton International which has analysed the region's 14 stock exchanges. The global accounting organisation believes the financial crisis is accelerating the transparency agenda as international investors demand greater openness, and that the opportunity exists for the region to benefit from the eventual recovery.

David Fisher, global leader - specialist advisory services, explains: "The development of stable and efficient capital markets in the Middle East depends on greater openness. That means not only better corporate transparency but also more comprehensive disclosure by the exchanges, public sector bodies, regulators and governments.

"We welcome the improvements in transparency that have already been made in the region. Some exchanges, like Egypt, have introduced stricter requirements for listed companies even though this led to hundreds of de-listings. If governments in the region can drive forward corporate governance reforms and achieve greater transparency, the Middle East will be well placed to gather a larger slice of international capital markets activity when the global economy begins to recover."

He added, "The introduction of the Nilex exchange in Egypt is a good example of how the region's exchanges are becoming more innovative but they will need to continue to innovate and provide better opportunities for medium sized companies if they are to fulfil their potential. The region can also use the ongoing evolution of Islamic finance to help them weather the economic downturn."

Collectively, the stock exchanges of the Middle East represent one of the largest emerging markets in the world, comparable to the national stock exchanges of Switzerland, Australia, Brazil or India. Within the Middle East, the Saudi Arabian market (Tadawul) is the largest, accounting for approximately 40% of total market capitalisation during 2008. The Dubai Financial Market (DFM), the Kuwait Stock Exchange (KSE) and the Cairo and Alexandria Stock Exchange (CASE) were all valued at over US\$100 billion on an average monthly basis in 2008, with the rapidly expanding Doha Securities Market also joining this group last year.



The Grant Thornton Middle East Capital Markets Guide analyses the performance of the 14 largest stock exchanges competing to list company stocks in the Middle East between 2005 and 2008. The guide reviews the key themes of change sweeping through the region, provides specific insights into four key Middle Eastern markets and compares the performances of the region's major stock exchanges.

This guide is part of a series of capital markets guides that Grant Thornton International has compiled over the last seven years. The Middle East and other Grant Thornton capital markets guides can be accessed via the publications section of www.gti.org.

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