

Facilitating Investment

Shwan Ibrahim Taha – Chairman, Rabee Securities

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Shwan Ibrahim Taha —
Chairman, Rabee Securities (RS)

Shwan Taha provides IIG with insight into the growth and evolution the Iraq Stock Exchange (ISX) and the Erbil Stock Exchange (ESX), and discusses the opportunities and challenges of investing in stocks and private equity in the Kurdistan Region.

About

Shwan Taha has been Chairman of Rabee Securities since 2008. Taha came to Rabee Securities with over 10 years experience managing money in the MENA region, first working in emerging markets at Franklin Templeton from 1997-2006, before managing a hedge fund sponsored by George Soros from 2006-2008. Taha holds a Bachelor's degree in biomedical engineering from Case Western Reserve University, and an MBA from George Washington University.

IIG: How did RS come to be Iraq's premier brokerage firm for foreign investors?

ST: For any firm to become premier in any industry requires hard work and team effort. We are in a service industry and, according to our clients' testimony, we have managed to provide quality service not only by Iraqi standards, but also by global standards. When I first moved back to develop the firm in Iraq, I had to answer a simple question: if I was in my previous position, a fund manager working for the likes of Templeton and Soros, what type of intermediary do I want to assist me while investing in a very difficult and new market? RS was modeled as an answer to that question. There were no short cuts and the development did not happen overnight. This is now six years in the making. As our reputation grew and we were able to increase interest in the market, clients started to approach us and we increased our market share dominating the ISX.

IIG: Does RS intend to get involved in the ESX? Is there interest regarding the ESX coming from the fund managers that you work with?

ST: We certainly intend to be part of the ESX and we are looking forward to being brokers and bankers taking advantage of the opportunities the ESX will provide. The interest from our clients in investing on the ESX is also there. However, markets are only as good as the companies listed on them. We are therefore optimistic that, in addition to directing funds to invest on the ESX, we will be instrumental in bringing new companies to the market as well. Having facilitated Asiaceff's IPO in 2013, we are well positioned to do so.

IIG: What are the challenges of private equity investment in the Kurdistan Region or Iraq more broadly (as compared to stocks)?

ST: Private equity is a different ball game. The challenges facing private equity are more significant in many respects than the challenges facing stock market investors. However, at this stage of Kurdistan's development, private equity funds will have increasing numbers of opportunities. The country and the KRG are like an

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open canvas, and they can draw whatever they want on it. Alas, while things are quickly changing, I believe that private equity funds would still encounter significant difficulties while investing here, as the Iraqi and Kurdish investment environment for private equity is still largely underdeveloped.

IIG: How do you foresee the overall development of the ISX and Iraq's investment environment in the medium term?

ST: Although the ISX's market cap has increased quickly, it has done so from a very low base. Thirty years of war and sanctions have taken their toll on the economy and the development of the market. Banks and telecom dominate the ISX in terms of market capitalization. However, this is normal at this stage of the ISX's development. We will start seeing other sectors coming to the market and increasing their presence in the future. Our clients are very aware of these shifts in other markets, and we are looking forward to seeing such shifts on the ISX. There is no reason why the ISX should not be as big as the markets in Saudi Arabia or Turkey. With the right economic policies, that development could be achieved quickly. Obviously that will also bring with it increased liquidity and the attention of the larger pension funds, and thus more investments into the country. It is a virtuous cycle, and it all starts with the government believing in, and encouraging the private sector with the right economic policies. ☺

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