

Rabee Securities, Corporate Finance Nobile Prize Nominee



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From: Baghdad, Iraq

When people ask me where I work, I usually tell them, "Do you know the place where there are big screens with red and green arrows pointing up and down? This is the business I work at; it is called the Stock Market." I work for Rabee Securities, a brokerage house company that trades in the Iraqi Stock Exchange.

The notion behind the stock market is to collect capital; this happens through offering part of the ownership of the corporations in exchange for money. The whole process is done through mediators called brokerage houses that connect between the investors and the companies. Rabee Securities is one of the leading brokerage houses in Iraq.

Even though the stock market performed an essential role in the 20th century and it has been influencing the economic growth of nations worldwide, in Iraq, it is not fully developed yet. Simply, because people usually state that, "It is too

complicated; I will never get how it works." I have to visualize it, so people can recognize it.

The Iraqi market is disregarding a fruitful opportunity; the knowledge and power of such a market is unknown or underestimated in Iraq's emerging and highly profitable stock market. Globally, the value of the stock market is \$54 trillion, while according to 2012 reports, the Iraqi stock market value was only at \$5 billion - a very small value compared to Iraq's emerging and highly profitable stock market.

The world is changing; and we have two options, either to observe the change or take an active role in driving it. Rabee Securities is taking on the responsibility to induce and enhance change. "I've always told people the major risk of running Rabee is one day it may blow up, not Lehman style but physically," says Shwan Taha, Rabee Securities Chairman.

It is commonly acknowledged that Iraq's market is a risky one, yet like other emerging markets, it is also full of opportunities. These opportunities rest in the fact that Iraq's market is in the development stage. It requires almost all types of

investments and the market is likely to grow at a higher rate than many developed countries. "Many investors who come to Iraq and look at Iraq ask me, 'What shall we invest in, in Iraq?' and I say there's a long answer to that question because you can invest in everything. The better question would be, what should I not invest in?" says Taha.

Rabee Securities is the first brokerage house that introduced foreign investors to the Iraqi market late in 2008. For a sustainable growth in the market, flow of foreign expertise and capital is essential. "Until now, I can recall the optimism I felt when we received the first foreign transfer of \$100,000 from a Chilean investor; the amount wasn't that much, but I knew that the entry of foreign investors marked the start of a new era of prosperity in the Iraqi Stock Exchange," says Nashurwan Baban, Rabee Securities CEO. The real growth of the market began in 2010 and has continued with impressive results.

These impressive changes led the foundation to perform the largest Initial Public Offering in the Middle East since 2008, Asiaccell IPO. The second largest telecommunica-

tion company in Iraq, Asiaccell, offered 25% of its capital in the form of shares. The big day was Feb 3, 2013, when Asiaccell started trading in the Iraqi Stock Exchange. This IPO alone generated \$1.3 billion, of which 70% is foreign capital.

"I've often thought there should be a Nobel Prize for corporate finance. It would go to the broker or investment bank that managed to place the largest IPO under the most unpromising circumstances. If there were such an award, I think Rabee Securities and its affiliate Melak Iraq would easily win this," said Mark DeWeaver, the manager of a capital investment company and an author.

Many obstacles were present while performing Asiaccell IPO. Around 2500 new client accounts were open within 6 weeks. Besides that, thousands and thousands of money transfers were added. Yet the main difficulty was waiting at the very end of the road. Since the Iraqi trade system doesn't include underwriting, pre-market opens order entry, the 3000 orders had to be performed within the session time, which is 4 hours. The mission seemed almost impossible, yet Ra-

bee confidently states that the mission was difficult, but within reach.

"Nobile Prize! We appreciate such a complement; nevertheless, we don't really think we deserve it yet! We managed Asiaccell IPO with all the difficulties associated with it mainly valuing the deal's vast impact on the market. The deal raised \$1.3b and sustained the position of Rabee Securities as a trustworthy, honest, and above all reliable company. We will use this reputation to further enhance and accelerate the development of Iraq's stock market. Asiaccell is just the beginning," said Baban.

The main issue of the Iraqi market is the lack of knowledge of such matters and the risk-adverse investors who dominate the market, yet there is hope for change.

Rabee is qualified to be a Corporate Finance Nobile Prize nominee for the initiative to induce, support, and lead change in the Iraqi market. Due to the successful IPO of Asiaccell, the other two-telecommunication companies that perform in Iraq, Zain and Korek, are expected to offer some of their shares to the public, which will boost the growth of the market even more.

