

# Developed debt market key to Qatar's financing needs

*The Peninsula*

The continued investment in Qatar's infrastructure and other developmental projects has increased the need for new sources of funding with long-term maturities. This can be partially addressed through the issuance of long-term debt instruments, Dr R Seetharaman (pictured), Group CEO of Doha Bank said yesterday.

Delivering the key note address on "Developing Corporate Debt Market" at a



conference jointly hosted by Qatar Financial Markets Authority (QFMA) and International

Capital Market Association (ICMA) here yesterday. Dr Seetharaman noted the low oil prices may affect diversification and infrastructure development funding and hence debt is the ideal solution for Qatar's infrastructure development needs.

Highlighting various key reforms that Qatar implemented in its financial markets, he said: "Based on various reforms brought in recent years, in May 2014, the MSCI upgraded the Qatar indices to an emerging market from frontier markets, a move that made the equity

markets part of other emerging markets. In 2014 a law introduced which stipulates that non-Qatari investors are allowed to own no more than 49 percent of the shares of Qatari shareholding companies listed on Qatar Stock Exchange."

A law governing the Qatar Financial Centre (QFC), aimed at simplifying procedures for foreign investors, will hopefully be introduced in the near future. In 2015 the QFC Authority and Qatar University signed an MoU on initiatives in finance research and education for Qatar's future.

Dr. R. Seetharaman said Qatar has one of the widest range of maturities as compared to other GCC international issuances. Given this edge, the Qatari companies can benchmark the yield curve through debt issuances and benefit from lower interest rates. The wider range of maturities not only allows to benchmark but also benefits the companies to align with any mismatch in Asset-Liability.

Qatar remains an attractive destination for debt investors on account of its strong credit rating at "AA". A higher credit rating

of "AA" implies zero risk weight and 100 percent in liquidity coverage ratio. Given the climate change, resource scarcity and water distress; Green bonds can be considered as an option. The GCC banks can tap long term funds to finance the Green projects. There should also be appropriate reforms to existing bankruptcy laws in Qatar to ensure adequate investor protection. Further, Qatar may improve the efficiency of settling disputes by aligning arbitration regulation to international standards."