Battle for Aramco IPO Heats Up as Exchanges Vie for Supremacy
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By Dinesh Nair
(Bloomberg) -- The largest global stock exchanges have
restarted efforts to court Saudi Aramco as the battle to host
the world’s biggest-ever initial public offering heats up again,
people with knowledge of the matter said.
Top officials from London Stock Exchange Group Plc, the New
York Stock Exchange and Hong Kong Exchanges & Clearing Ltd. have
been actively pitching the oil giant in recent weeks, according
to the people. LSE Chief Executive Officer David Schwimmer is
among those who visited Saudi Arabia in the past month to woo
Aramco officials, the people said, asking not to be identified
because the information is private.
Securing the listing, which Saudi Arabia expects to raise
as much as $100 billion in proceeds, would be a coup for the
bourses as they tackle low volumes and increased volatility in
financial markets. While Aramco is planning a local listing on
the Saudi stock exchange as part of the IPO, it hasn’t made a
decision on other venues, according to the people.
Bloomberg News reported in July that Saudi Arabia is
restarting preparations for an IPO of Aramco, which is the
world’s most profitable company. It has already chosen Lazard
Ltd. and Moelis& Co. to advise on the listing, people with
knowledge of the matter said earlier this week.

Jeddah Delegation

Aramco, formally known as Saudi Arabian Oil Co., didn’t
immediately respond to a request for comment. Representatives
for LSE and HKEX declined to comment. A representative for the
New York Stock Exchange, which is owned by Intercontinental
Exchange Inc., also declined to comment.
LSE’s Schwimmer has traveled to Saudi Arabia several times
this year, including to speak on a panel at a Riyadh financial
summit in April. The former Goldman Sachs Group Inc. dealmaker
said at the time he was working closely with the local exchange
to help small companies raise external funds.
Schwimmer was also part of a delegation led by Philip
Hammond, then the U.K.’s Chancellor of the Exchequer, that went
to Jeddah in early July for the first meeting of the Economic
and Social Pillar of the U.K.-Saudi Arabia Strategic Partnership
Council.
Aramco’s first attempt at a listing attracted a flurry of
pitches from top global exchanges from New York to Tokyo seeking
to host the listing. Smaller bourses including Singapore and the
Toronto Stock Exchange were also vying for a role. Their hopes
were dashed when Aramco put the IPO plans on hold after more
than two years of preparations and instead decided to buy a $69
billion stake in local chemical giant Saudi Basic Industries
Corp.

Looser Rules

Last time around, potential listing venues offered Aramco a
number of inducements as they sought to win the deal. Officials
have pitched the idea of a dual listing in Saudi Arabia and Hong
Kong in return for anchor investments from Chinese funds, people
with knowledge of the matter said earlier.
Hong Kong’s top leader Carrie Lam visited Saudi Arabia in
2017 and promoted the territory’s equity market in meetings with
King Salman and senior officials including the energy minister.
HKEX Chief Executive Officer Charles Li has also said that a
proposed trading link allowing mainland Chinese investors to put
money into Hong Kong IPOs would act as a lure to major foreign
companies like Aramco.
London improved its chances when the securities regulator
softened its listing regime last year to attract state-owned
companies. The rule changes introduced a new category of
“premium listing” rules for state-owned commercial companies,
which remove restrictions on shareholder approval for related-
party transactions.
New York’s appeal to the Saudis as the financial hub of the
world’s largest economy is enhanced by the relationship that the
Saudi crown prince, Mohammed bin Salman, has cultivated with
U.S. President Donald Trump. Still, Aramco has been evaluating
the risk of broader litigation in the U.S. that could emerge,
for example, with shareholders lawsuits targeting the company
over environmental concerns, people familiar with the matter
have said.

--With assistance from Benjamin Robertson, VirenVaghela, Lananh
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