

Regulator to roll out GEB norms



A statue of a golden bull, symbol of rising markets, at the Shenzhen Stock Exchange. [Agencies]

China is expected to soon launch its Growth Enterprises Board (GEB), modeled along the lines of Nasdaq, to help small companies raise capital and restore investor confidence, the securities regulator said Wednesday.

"The administrative rules governing the initial public offering (IPO) of the GEB will be launched soon and a set of specified regulations will come out gradually," Shang Fulin, chairman of the China Securities Regulatory Commission (CSRC), said at the annual national securities and futures conference in Beijing.

Shang said regulators would set up the proper listing threshold for GEB and strengthen supervision mechanisms to avoid excessive speculation.

In addition to its main board, China has only one small and medium enterprises (SME) board, which was launched in 2004 in Shenzhen.

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According to statistics from CSRC, 75 companies got listed in domestic market in 2008, with the market capitalization reaching 339.6 billion yuan. Among these, 69 companies are SMEs, accounting for 92 percent of the newly listed companies in terms of numbers.

"The road map for launching stock-index futures need to be drafted carefully," Shang said.

Regulators are also expected to add more trading categories for the future markets like steel and grain.

Shang, without elaborating on the timetable, also called upon the officials who are drafting the modalities to "do a good job on pilot units for margin trading and short selling".

The meeting's guidelines are designed to act as the framework for regulators this year.

Shang said the corporate bond market is expected to be well-developed this year, while regulators would also take steps to actively spur mergers and acquisitions.

He also advocated a four-pronged strategy for market revival this year. These are:

Favorable policies to encourage capital market investments by social security funds, insurance capital and public pension funds.

Administrative rules to govern share repurchases by listed companies and to encourage cash dividend payments along with an optimized tax policy for dividend payouts.

Steps to enhance block trading to offer a proper platform for unlocking nontradable shares.

Effective mechanisms to control, warn and monitor systematic risks.

CSRC Vice-Chairman Fan Fuchun said the regulators would try their best to minimize the unfavorable impacts of the global financial crisis.

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