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Draft norms for overseas listings in Shanghai soon

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A trader at the Shanghai Stock Exchange. The international board will bring a string of multinational companies like HSBC and red-chip firms such as China Mobile to the bourse. [China Foto Press]

New board to bring host of major multinational firms to mainland

The Shanghai Stock Exchange (SSE) has completed the draft listing and trading rules of its international board which will allow overseas companies to float shares in China's A-share market, Geng Liang, the exchange's chairman, said on Monday.

"The draft rules are completed but we are still working on the details. They are still subject to change and the revised rules will be available for public comment soon," Geng said at a press conference on the sidelines of the annual National People's Congress session in Beijing.

Geng said the shares of overseas companies listed on the international board will be denominated in yuan. The offering prices should not be above their listing prices on the original markets as floating shares on China's A-share market is an act of refinancing by overseas companies.

The Shanghai bourse is also actively studying the rules on the return of red chip companies which have business in the mainland but are listed on the Hong Kong Stock Exchange. But Geng said there is still no timetable for the launch of the new board.

The launch of the international board is being widely watched as it will bring a string of multinational companies including banking giant HSBC, global exchange operator Nasdaq OMX Group and red-chip firms such as China Mobile to the mainland fund raising pool, which is considered a key step in making Shanghai an international financial center.

Geng, a member of the Chinese People's Political Consultative Conference, also proposed on Monday speeding up the development of the bond market by allowing listed commercial banks to trade bonds on the exchange.

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"The bond market is an important way of direct capital raising and we are going to accelerate that development," he said, adding that 10 banks have completed the relevant procedures and are ready to trade bonds on the exchange.

Geng said the Shanghai bourse will also introduce the corporate bonds of listed companies to be traded on the exchange. So far, 20 listed companies have received approval and dozens of others have expressed an interest.

Meanwhile, the bourse is going to introduce the trading of cross-market exchange-traded funds (ETFs). Geng said the framework of the Shanghai-Shenzhen 300 ETF has been established and it will be launched soon.

The trading of overseas ETFs, which will allow Chinese investors to buy a basket of securities that track overseas indices, will also make their debut on the exchange this year but there are still some technical difficulties for the exchange to overcome, he added.

So far, a total of 12 overseas stock exchanges have agreed to let the Shanghai bourse list ETFs that track their indices, according to Geng.