NYSE scraps plan to delist China telecom firms

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The NYSE announcement comes just days after the exchange said the three firms would be delisted

The New York Stock Exchange abandoned plans to delist three state-owned Chinese telecom companies on Monday, reversing a decision that further dented already strained relations between the world's two superpowers.

In a brief statement, the stock exchange said it "no longer intends to move forward with the delisting action" for China Telecom, China Mobile and China Unicom.

No detailed reason was given for the sudden reversal, which the exchange said came after "further consultation with relevant regulatory authorities".

In response, Chinese foreign ministry spokeswoman Hua Chunying said the initial US move to delist the three companies "reflected the arbitrariness, capriciousness and uncertainty of its rules and systems".

"This will harm US national interests and its own image," she added.

Shares in the three state-owned telecoms firms jumped on the news.

In Hong Kong trading of China Unicom, which at one point soared 11 percent, ended up at more than eight percent.

China Mobile climbed more than five percent and China Telecom added more than three percent.

Mainland Chinese shares reversed earlier losses, while the yuan rose around 0.7 percent against the dollar.

Jackson Wong, at Amber Hill Capital, said the move was "quite unexpected".

"Some funds that had an obligation to unload these shares will now need to buy them back. Some investors are also starting to pricing in a scenario that the decision to halt delistings could be a start of a de-escalation" in China-US tensions, he added.

The reversal comes just four days after the NYSE said it was ending trading in the companies to comply with an order by the Trump administration barring investment in firms with ties to the Chinese military.

Donald Trump signed an executive order in November banning Americans from investing in Chinese companies deemed to be supplying or supporting the country's military and security apparatus, earning a sharp rebuke from Beijing.

The order listed 31 companies it said China was using for the "increasing exploitation" of US investment capital to fund military and intelligence services, including the development and deployment of weapons of mass destruction.

It was one of a series of executive orders and regulatory actions that have targeted China's economic and military expansion in recent months.

Trump's order prohibits US companies and individuals from owning shares in any of the companies, which also include video surveillance firm Hikvision and China Railway Construction Corp.

National Security Advisor Robert O'Brien said at the time the order would prevent Americans from unknowingly providing passive capital to Chinese companies—listed on exchanges around the world—that support the improvement of Beijing's army and spy agencies.

Under his "America First" banner, Trump has portrayed China as the greatest threat to the United States and global democracy, pursued a trade war with it, harangued Chinese tech firms, and laid all the blame for the coronavirus pandemic at Beijing's door.

China had criticised the moves to delist its companies and threatened

countermeasures.

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