

Trading begins on new Beijing Stock Exchange

November 15 2021



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A new Chinese stock exchange focused on SMEs began trading in Beijing on Monday, boosting support for smaller-scale firms as

economic growth slows and Beijing cracks down on domestic tech giants.

More than 80 companies started trading on the Beijing Stock Exchange, which is expected to complement two main bourses in Shanghai and Shenzhen by catering to smaller enterprises, which have long faced difficulty getting funding from banks.

Chinese media reported Monday that shares of 10 newly listed companies on the exchange rose by more than 60 percent, triggering temporary suspensions.

Auto parts maker Henan Tongxin Transmission Co made the biggest gains, surging about 494 percent by the close, and media reported that the 10 new stocks rose an average of almost 200 percent from their issue prices.

But the 71 other firms migrated from an existing board posted mixed performances.

Stocks will not be allowed to rise or fall more than 30 percent in a single trading day on the exchange, although earlier reports said there would be no cap for the first day of listing.

The new exchange is vital for "improving [financial support](#) for SMEs, as well as promoting innovation-driven development", Yi Huiman, the chairman of the China Securities Regulatory Commission, said at an opening ceremony.

The new exchange follows the 2019 launch of a Nasdaq-style board focused on science and technology listings on the Shanghai Stock Exchange.

It comes as authorities move to develop the country's [capital markets](#) amid slowing [economic growth](#), and as Beijing clamps down on tech giants in a bid to stem the sector's aggressive expansion, alleged data misuse and monopolistic practices.

The Beijing exchange provides a capital-raising conduit for SMEs and takes in companies on the top tier of China's existing National Equities Exchange and Quotations (NEEQ), founded in 2012.

The NEEQ is an entry-level, over-the-counter [stock](#) trading platform allowing firms to raise funds before listing on a [stock exchange](#).

Seventy-one companies from the NEEQ—or "New Third Board"—were transferred to the Beijing exchange and 10 others were listed directly.

The Beijing exchange's rules allow it to process listing applications more quickly than some other boards.

Hong Hao of financial services firm Bocom International told AFP that the exchange's long-term success "remains to be seen".

"You need to have credible companies to be listed on the exchange, to generate enough interest," he said.

Many Chinese companies including giants such as Alibaba and Baidu have in the past listed on the more developed US exchanges.

But Beijing has been pressing companies to instead list on home soil, and Chinese firms hoping to trade shares in the United States face heightened scrutiny from regulators there as the economic and tech rivalry between the two countries deepens.

But Hong Kong remains a more likely location for large Chinese

companies seeking to list outside the country's mainland, observers note.

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