US adopts rule that could see Chinese firms leave Wall Street

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A new US rule could force Chinese firms to leave Wall Street unless they open their books to American auditors.

US market regulators on Thursday announced the adoption of a rule allowing them to delist foreign companies from Wall Street exchanges if they fail to provide information to auditors, which is aimed primarily at Chinese firms.

The mandate requires companies to disclose whether they are "owned or controlled" by a government, the Securities and Exchange Commission (SEC) said.

Congress last year passed a law specifically targeting Chinese companies under which the Public Company Accounting Oversight Board (PCAOB) must be able to inspect audits of foreign firms listed on US markets.

The law also requires companies to name any Chinese Communist Party members on their board of directors.

Beijing has refused to allow the PCAOB to inspect audits of companies registered in China and Hong Kong.

"We have a basic bargain in our securities regime... If you want to issue public securities in the US, the firms that audit your books have to be subject to inspection by the PCAOB," SEC Chair Gary Gensler said in a statement.

"The Commission and the PCAOB will continue to work together to ensure that the auditors of foreign companies accessing US capital markets play by our rules," he said. "We hope foreign governments will... take action to make that possible."

The SEC said there are about 220 firms located in jurisdictions with obstacles to PCAOB inspections.

According to a report by Bloomberg, Beijing has asked the "Chinese Uber" Didi to withdraw from Wall Street.

On Thursday, Alibaba's share price hit its lowest level in more than four years on rumors the Chinese e-commerce giant would exit US indices.