CSRC solicits opinions for opening its own Nasdaq

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The China Securities Regulatory Commission (CSRC) Friday began to solicit opinions on a market it will open for small start-ups to raise funds.

The securities regulator posted on its website the regulations including conditions and procedures of stock issuance as well as information disclosure.

The opinions will be released next month and relevant institutions including sponsors and law firms will have to learn the regulations, said CSRC.

The first batch of companies will not get listed on the growth enterprise board, similar to the Nasdaq, until several months later, said the regulator which did not reveal how many months. Shang Fulin, CSRC head, said in January that the board would be opened on the Shenzhen Stock Exchange in the first half of this year.

CSRC said the Shenzhen bourse had contacted about 200 companies interested in the growth enterprise board, which will have relatively lower thresholds than the main board.

According to the draft regulations, the total share capital of any listed company on the growth enterprise board should be no less than 30 million yuan (4.2 million U.S. dollars). The entry level for firms on other boards is 50 million yuan, according to regulations for the Shanghai and Shenzhen Stock Exchange.

"A successful growth enterprise market could cultivate excellent companies like Microsoft," said Yi Minli, professor with the Southwestern University of Finance and Economics.

Meanwhile, CSRC is studying extra requirements the growth enterprise board will have, for listing enterprises will have relatively higher risks, it said.

"Some enterprises would fail and some may even raise money for ulterior purposes," said Hua Xin, vice chairman of the Sichuan Federation of Industry and Commerce.

The draft regulations prolong the supervision period for sponsors of a newly-listed company on the growth enterprise board to three financial years, compared with two financial years on other boards on the stock market.

Lack of finance has been a problem for China's 42 million small and medium-sized enterprises or SMEs, more than 95 percent of which are privately owned.

Less than 2 percent of the SMEs access funds directly from the financial market, according to statistics with the National Development and Reform Commission.(Xinhua)

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