Exchange tightens rule on trading suspensions

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The Shanghai Stock Exchange today required listed firms to limit the share-trading suspension period and hire qualified financial consultants as it bids to boost oversight of corporate mergers and acquisitions.

Shanghai-listed companies will be prohibited from halting trading in their stocks for more than 30 days due to pending M&As, the Shanghai bourse said on its Website.

Public firms that halt trading for more than five days must make disclosures over issues including talk proceedings, regulatory approval and pricing at least once a week, the exchange said.

Companies are urged to prevent insider information from being leaked in the M&A deals and they are required to introduce independent financial consulting agencies in their proposed transaction, according to the bourse.

"The measures are set to boost transparency in M&A activities," said Lu Chengde, a Guosen Securities Co trader. "It can help protect the interests of minority investors and weed out potential insider trading."

The China Securities Regulatory Commission said yesterday that it would simplify the procedures over approving M&A deals and urged public companies to make timely disclosures.

A listed firm should apply to the regulator for M&As within three days after its shareholders approve the plan and the regulator will decide within five days whether to accept the applications or if more information is needed.

Before receiving a response from the regulator, the public company will be subject to a "quiet period," during which information disclosures over the deal is limited, the CSRC said.(Shanghai Daily)

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