GEM draft listing rules mark major step in China's capital market innovation

BEIJING, May 9 (Xinhua) -- The draft listing rules for China's upcoming Growth Enterprise Market (GEM) had displayed the spirit of prudence, innovation, efficiency and market orientation, analysts said.

It marked a major step in the development of the country's first Nasdaq-style stock market, a vital part of China's capital market innovation.

The draft was issued by China's Shenzhen Stock Exchange Friday to solicit public opinion. With a major concern over risk control, the document had set out a stricter delisting mechanism, information disclosing rules, and more rigid stock sale restrictions for controlling shareholders on GEM, compared with stocks trading on the main boards in Shanghai and Shenzhen.

"We had designed the regulation in a way that better protects investors, improves market efficiency, and promotes long-term and healthy development of the market," an official of the Shenzhen Stock Exchange said.

The design of the GEM system has distributed greater responsibilities to market players such as accounting and law firms, and aimed at laying a sound platform for the capital market, said analysts, adding that much experience could be drawn from the GEM operations.

China Securities Regulatory Commission (CSRC) published measures for initial public offerings and listing on GEM on March 31, which have been in effect since the beginning of May.

It later issued draft measures governing the approval committee and the sponsors of securities issuance for public feedback, which nearly concluded April 24.

With the release of the listing rules draft, the launch of the GEM is drawing nearer. Under the current financial crisis, it would effectively expand the financing channels of smaller and middle-sized companies, which were anxious to make use of the opportunity, said Hong Liang, analyst from the China Galaxy Securities.

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