

# IPO Norms Favor Small Investors

2009-06-11 09:56:21 [China Daily](#) [Web Editor: Cao Jie](#)

China's securities regulator yesterday revised the draft rule on its new initial public offering (IPO) mechanism in a bid to improve market fairness and better protect small investors.



Traders on the floor of the Shanghai Stock Exchange.[Photo: CFP]

China's securities regulator yesterday revised the draft rule on its new initial public offering (IPO) mechanism in a bid to improve market fairness and better protect small investors.

A single investor will be allowed to have just one stock investment account, the China Securities Regulatory Commission (CSRC) said yesterday.

Previous regulation allowed investors with over 5 million yuan in capital to have more than one account, which consequently led them to have a greater chance of purchasing new shares in an IPO.

"The revision is expected to improve market fairness and protect small investors' interest," a CSRC spokesman said yesterday at a news conference.

The CSRC said it was also considering trimming the amount of locked-up shares in an initial offering and increasing the tradable shares on the market.

Other changes included increasing the flexibility of the shares issuance mechanism, giving brokers more freedom to terminate the issuance of new shares and allocating the subscription quota among investors.

"The new IPO rules require investors to choose either online subscription or offline subscription, thus effectively preventing institutional investors, who usually subscribed via offline channels, from competing with small investors in online subscription. But the new rule would not fundamentally increase the low lot-winning rate for individual investors since the new shares to be sold online will still be less compared to the huge demand," said Zhang Qi, analyst, Haitong Securities.

CSRC issued a draft rule on the new IPO mechanism on May 22, and sought public opinion on it until June 5. The regulator said it had received 1,687 opinions on the draft.

The rules take effect from today. CSRC officials, however, did not give a timetable on when the first IPO would commence. But analysts said that the performance of the A-share market in the coming weeks would be an important reference point for the regulator.

Zhou Feng, an analyst at China International Capital Corp, said that the timing was not a big issue.

"It will have no major impact on the market because investors already have expectations on that," Zhou said. "Considering the fragile economy, investors - individuals or institutions - actually lack confidence in the current market," he said.

One of the most eye-catching issuers of impending IPOs is China State Construction Engineering Corp (CSCEC), the country's biggest home builder.

## Audio

- [CRI Biz Report June 27](#)
- [CRI Biz Report June 14](#)
- [CRI Biz Reports Apr 15](#)
- [CRI Biz Reports Feb 22](#)
- [CRI Biz Reports Dec 25](#)
- [CRI Biz Reports Dec 24](#)

## Audio Reports

[more »](#)

- [CRI Biz Report July 18](#)
- [Bernanke Tells Congress Fed Flexible on Bond Buying](#)
- [China Renews Pledge to Push Property Tax Expansion](#)
- [China-US Bilateral Investment Treaty Prospects](#)

## Biz Life

[more »](#)



### 24th Hong Kong Book Fair Opens

- [More Baby Formula Firms Announce Plan for Price Cuts](#)
- [Foreign Investment Encouraged in Senior Care Industry](#)
- [Alipay's Yu'ebao New Investment Tool](#)
- [E-shopping Finds Homes for Stray Cats](#)
- [Shuanghui Acquires World's Largest Pork Processor](#)
- [Subsidy Program for Home Appliances to Expire](#)
- [China's Pension Insurance Covers 486 Mn People](#)
- [China's Bank Card Transactions Exceed 100 Trn Yuan](#)

## Policy

[more »](#)

- [China to Cut Retail Fuel Prices](#)
- [China to Maintain Prudent Monetary Policy](#)
- [China Central Bank Switches to Liquidity Injection](#)
- [PBOC to Maintain Prudent Monetary Policy](#)
- [U.S. Senate OKs Online Sales Tax Bill](#)

## Markets

[more »](#)

- [China's H1 Industrial Output up 9.3 Pct](#)
- [China Shares Close Higher Tuesday](#)
- [Overcapacity Plagues China's LED Industry](#)
- [Dow, S&P Break New Grounds after Record Runs](#)
- [France Leads Eurozone in Offshore RMB Payments](#)

Two brokerages, Everbright Securities and China Merchants Securities, are likely to raise about 10 billion yuan and 80 billion yuan, respectively, and may end up becoming the second and third-largest fund raisers in the new round of IPOs.

Analysts said large companies like CSCEC were not likely to list immediately after the resumption of IPOs due to concerns a massive equity supply could stifle the market rally.

0



[Recommend](#)

### Latest Messages

### Your questions and comments

Name  E-mail



CRIENGLISH.com claims the copyright of all material and information produced originally by our staff. All rights reserved. Reproduction of text for non-commercial purposes only is permitted provided that both the source and author are acknowledged and a notifying [email](#) is sent to us.

CRIENGLISH.com holds neither liability nor responsibility for materials attributed to any other source. Such information is provided as reportage and dissemination of information but does not necessarily reflect the opinion of or endorsement by CRI.

- |   |   |  |  |   |  |  |  |
|---|---|--|--|---|--|--|--|
| <b>• China</b><br>China News<br>Chinese Press<br>Diplomatic<br>Society<br>Gallery | <b>• World</b><br>Asia-Pacific<br>Europe<br>Americas<br>Middle East<br>Africa | <b>• Video</b><br>Traveller<br>Culture Heritage<br>Beyond Stardom<br>Dynamic China<br>Life 360<br>Panoramic Sports | <b>• Radio</b><br>Highlights<br>Livecast<br>Ways to Listen | <b>• Business</b><br>Audio<br>Markets<br>Editor's Choice<br>Biz Photo<br>Special Coverage | <b>• Travel</b><br>Destinations<br>Editor's Pick<br>What's in<br>On the Road | <b>• Showbiz</b><br>Chinese Films<br>Music & Stage<br>Art & Literature<br>Video<br>Photo Gallery<br>Special Coverage | <b>• Language Learning</b><br>Ask Pingping and Jules<br>Chinese Studio<br>Elementary Chinese<br>Pop Charts<br>English News<br>English Snippets |
|---|---|--|--|---|--|--|--|

