Cross-Border Listings Guide - Shanghai, Shenzhen and Beijing Stock Exchanges

Overview of exchange

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# Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

There are three stock exchanges in mainland China, the Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange (SZSE), and the Beijing Stock Exchange (BSE). The SSE and SZSE were both established in 1990, and the BSE was established in 2021. The SSE, SZSE and BSE are playing an increasingly essential role in the Chinese capital markets.

The SSE previously concentrated on the Main Board. In March 2019, the SSE launched the Star Market as the pilot board where a registration system rather than a general approval system is applied. Similarly, the SZSE has put in place a framework of multi-tiered capital markets comprising the Main Board, the Small and Medium Enterprise (SME)  Board (launched in May 2004) and the ChiNext Board (launched in October 2009). On 6 April 2021, the SZSE merged the Main Board and SME, and the SME no longer exists. Before the establishment of the BSE, China had the National Equities Exchange for Small and Medium sized Enterprises (NEEQ). NEEQ's three sections are the basic layer, innovation layer, and selection layer. The BSE is a new national equity trading market established by separating the companies on selected layers of the original NEEQ.

Therefore, there are three boards on the SSE and SZSE where issuers may list their securities:

The Main Board - a market for companies that meet the profit or other financial criteria of the SSE and SZSE. Most of companies whose shares are listed on the Main Board are comparatively large scale and well-developed.

The Star Market - an emerging market providing financing channels for technologically innovative enterprises with more diversified and inclusive listing criteria compared to the listing criteria of the Main Board.

The ChiNext Board - generally used for listings by companies that cannot meet the profit requirements or other financial standards required by the Main Board. The ChiNext Board is a NASDAQ-type board for high-growth, high-tech start-ups.

Issuers may also list their securities on the BSE.

As of 1 January 2024, the aggregate market capitalization of the securities listed on the SSE was RMB46.31 trillion (approximately US$6.54 trillion), RMB30.64 trillion (approximately US$4.33 trillion) on the SZSE, and RMB0.45 trillion (approximately US$63.59 billion) on the BSE. Over the past three years, the aggregate market capitalization of the securities listed on the SSE, the SZSE and BSE has changed as follows:

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With regards foreign enterprises' shares, the PRC laws and regulations permit two approaches to listing on the SSE and SZSE:

Issuing Chinese Depositary Receipts (CDR) in mainland China in accordance with the *Measures for the Administration of Offering and Trading of Depositary Receipts (for Trial),* effective since 17 February 2023. In particular, under the Interconnected Depository Receipts Scheme, eligible companies listed on qualified overseas securities exchanges in the UK, Switzerland and Germany can issue CDRs and apply for listing on the SSE and SZSE.

Eligible Red chip enterprises can issue stocks or CDRs and apply for listing on the SEE or SZSE.

The SSE, the SZSE and BSE do not specialize in, or encourage listings by, any particular type of company, but instead encourage any company that meets their listing requirements to list. Any foreign-invested joint stock company that applies for listing must show that its business complies with the requirements of the *Special Administrative Measures for the Access of Foreign Investment (Negative list)*.

As of 1 January 2024, 2,264 companies' shares were listed on the SSE while 2,844 companies' shares were listed on the SZSE, and 239 companies' shares were listed on the BSE. Over the past three years, the number of listed companies on the SSE and the SZSE has changed as set out below:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/shanghai-shenzen---overview-of-exchange_2.pdf)

In Mainland China, two main sorts of regulators are involved in any proposed listing and post-listing compliance matters, noting that issuing and listing of securities are two different phases. They are the China Securities Regulatory Commission (CSRC) and stock exchanges, including the SSE, the SZSE and the BSE. Under the general approval system, the CSRC oversees China's nationwide centralized securities supervisory system, with the power to examine and approve public issuances of securities. Governed by the CSRC, the SSE, the SZSE and the BSE are authorized to examine and approve listings of securities and are also responsible for regulating the trading of securities and supervising post-listing compliance requirements. IPOs on all markets are done in compliance with the registration regime, under which the stock exchanges are responsible for the substantive review and then the stock exchanges will submit their review approval to the CSRC to complete the registration process.

This chapter mainly focuses on the Main Board.

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