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## **Nasdaq Seeks Chinese Listings**

By [AARON BACK](#)

BEIJING – The operator of the Nasdaq Stock Market, which has seen a falloff in new listings amid depressed market sentiment, expects a slight rebound in listings from China on U.S. exchanges, but expressed concern that new Chinese rules may prevent some Chinese companies from listing overseas.

Robert McCooley, senior vice president of new listings and capital markets at Nasdaq OMX Group Inc., said he expects about 20 Chinese companies to list in the next 12 months on both the Nasdaq and the New York Stock Exchange. But he said that potential listings depend on Beijing's willingness to continue allowing companies to list abroad, as well as a stable market outlook.

"It depends on how China interacts with global markets, and if they are going to push companies to list domestically or in Hong Kong," he said.

China has been encouraging companies to list in Shanghai and Shenzhen, and has put in place regulations that make it more difficult for companies to establish vehicles incorporated abroad, often a precursor to an overseas listing.

In addition, China is planning to launch a local exchange aimed at startup companies, and is promoting the establishment of venture capital and private-equity funds that are denominated in the local currency.

About half the potential new listings were incorporated overseas before the new regulations took effect, Mr. McCooley said, but the rest will require permission from Chinese regulators to move forward with overseas listings.

"We are working with the Chinese government to say, let's not be protectionist and keep companies here domestically that deserve to be listed abroad," Mr. McCooley said.

Among the advantages of listing on Nasdaq or the New York Stock Exchange are access to the deepest and most liquid capital market in the world and the global publicity that comes with such a listing, he said.

Duncan Clark, chairman of technology-focused consultancy BDA China, said that an overseas listing is still the most attractive option for many companies as the markets are more advanced and investors better understand their business models.

"Until China can offer a better alternative, I think pragmatism will carry the day and companies will be allowed to list abroad," he said.

With China's economy still growing, albeit at a slower pace since the onset of the financial crisis, and with a huge backlog of startups and unlisted companies, the country is being eyed by exchanges in Hong Kong, Singapore, London and elsewhere as a likely source of lucrative new listings.

Nasdaq is competing fiercely with cross-town rival NYSE Euronext to attract new listings, as well as with major exchanges worldwide.

Last year, 22 Chinese companies listed on the Nasdaq, out of a total of 108 new listings on the exchange.

So far this year, only one Chinese company, Changyou.com Ltd., has listed on the Nasdaq exchange and that was a spin-off of a company already listed there. Changyou's was the first Nasdaq-listed IPO by anyone this year.

A total of 97 companies from the Greater China region have listed on the Nasdaq, making it the largest source of listings from overseas. The list includes major Chinese technology companies such as Baidu.com Inc., as well as several lesser-known names across various industries.

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