

Easy access to company data will check stock manipulation

A director of Shenzhen Stock Exchange says

AHSAN HABIB, back from Shenzhen, China

CHINESE stock exchanges ensure every data of listed companies is available to investors in order to guarantee transparency and avoid manipulation, said a top official the Shenzhen Stock Exchange (SZSE).

"This is because data has the capability to tackle market manipulation and insider trading. Our exchange is working like a manufacturer of data," said Liu Fuzhong, a director of the SZSE, last week.

Even the speeches and interviews of corporate executives as well as every piece of information of a listed company are made available for investors, who can view them by visiting a website, he said.

Now, a Chinese consortium comprising the SZSE and the Shanghai Stock Exchange is working with the Dhaka Stock Exchange (DSE) to improve data management system of Bangladesh's premier bourse with a view to giving a clear picture of listed companies to investors.

The Chinese consortium became the strategic partner of the DSE last year by purchasing 25 percent stake. Fuzhong played an important role on the Chinese part to become the strategic partner.

He said data management system, data disclosure system and accessibility of data to stock investors—all are part to enhance transparency.

"If we have very good technology and we are able to identify irregular behaviours, we can give out treatment accordingly. This will establish integrity in the stock market."

Manipulation and insider trading could be diminished or reduced by upgrading technology and data management capacity of the DSE, he hoped.

Fuzhong, however, says a market can't get rid of all the problems. "But as a market operator, an exchange needs to tackle problems by upgrading technologies as much

as possible," he said during an interview at his office at the SZSE in China.

To deter insider trading, the SZSE preserves personal data related to beneficiary owners' accounts, bank accounts and national identification number of all sponsors and officials.

"If any suspicion arises, we verify all of their movements to find out whether there is any insider trading or not," he said.

The SZSE educates people using internet and mobile phones and has developed a system for investors so that they can get data of listed companies and analytical tools through mobile phones.

"We give them very simple analytical tools so that they can take investment decision very easily. We also give them an opinion gathering platform, where they can share their views and get answers from the stock exchange and listed companies."

For example, investors can ask a listed company a question. The SZSE reviews the queries and sends them to the company. After receiving replies from the listed company, the exchange reviews them again before forwarding them to investors.

"Now mobile trading has become a fashion at the SZSE."

More than 90 percent of the trading on the exchange take place through internet-based platforms, with most of them through mobile phones.

Fuzhong said many people blame the liquidity crisis for the bearish trend of the Bangladesh stock market.

"I think once you have good market environment and people are hopeful about investment, liquidity will continue to increase."

According to Fuzhong, the Chinese capital market had also faced problems in its initial stage. People were not satisfied



Liu Fuzhong

with governance of listed companies and the quality of trading behaviours.

The SZSE tackled the problems by upgrading trading and surveillance systems and disseminating information about good trading behaviours and good corporate governance.

"It's been a consistent effort over the past 20-30 years in educating the market,

enhancing surveillance system, and utilising the data and other sources of information."

"So, it is important to focus on increasing people's technical capability and data analytical ability to understand the market and take measures appropriately."

When people have easy access to the data of listed companies, their decision-making will be easier and it will reduce many

problems of the market, said Fuzhong, who obtained master's degree in management from the London School of Economics.

The Chinese consortium is trying to make breakthrough in some areas of the DSE, including introducing a new index.

The index teams of the DSE and the SZSE are closely working together so that they can unveil a new index by the end of the year. The new index will allow Chinese investors to have a better understanding of Bangladesh's stock market.

"It is important to present the opportunities of the Bangladesh market to Chinese investors with information and data."

The consortium has already organised two seminars in China to introduce Bangladeshi companies among Chinese investors. "Some investors are trying to explore the Bangladeshi market."

An SZSE technological team is also working to implement new technologies at the DSE. The Bangladesh window of the V-Next platform of the SZSE and an SME Board have already been set up.

"We have submitted all of our plans on technology transfer to the DSE, but it is not so easy to transfer and adopt a new technology overnight."

He said every stock exchange has its own legacy, so any change in technology adjusting the legacy takes time.

"So, we are working on functionality, scope and capability of new technologies at the DSE."

The SZSE is satisfied with the performance of the Dhaka bourse, he said.

"We are not profit-making exchange; rather it is a member-based exchange. Our vision is not making profit; our vision is to develop an exchange and strengthening partnership."

HONG KONG PROTESTS

Frustration, safety fears grip finance firms



REUTERS/FILE

A woman walks past a man reading a book on a plant pot that was placed in the road by protesters in the Central area of Hong Kong on Tuesday.

REUTERS, Hong Kong

FINANCE firms in Hong Kong urged staff on Wednesday to seek safety or work from home as anti-government protests paralysed the city's business district for a third day in one of the biggest disruptions faced by the Asian finance hub.

While flexible work arrangements have become the norm for many big firms in Hong Kong as violence escalates, some of the latest warnings included more urgent concerns, after tear gas billowed by some of the world's tallest and most expensive buildings this week.

"For your safety, please shelter in place where necessary," a text message alert sent to staff at J.P.Morgan, and seen by Reuters, read.

Most bank branches in the business district, called Central, pulled down their shutters on Wednesday, while protesters smashed the glass facade of a Bank of Communications (BoCom) branch and sprayed graffiti reading "Fight for freedom!" near the entrance.

Many mainland Chinese businesses, in particular banks such as BoCom, have been attacked by protesters angry at what they see as interference by Beijing in their city, despite a guarantee of autonomy when the former British colony returned to Chinese rule in 1997.

Standard Chartered has asked staff to consider work arrangements, such as working from home and rescheduling meetings and trips, as appropriate, a bank spokeswoman said.

Representatives of other banks including UBS, Citigroup, Societe Generale and Bank of America said their staff had been given

permission to work remotely. A source at Prudential said all staff had been sent home.

JPMorgan declined to comment, while Prudential did not immediately respond to a Reuters request for comment.

Hong Kong anti-government protesters paralysed parts of the city this week, with some transport links, schools and many businesses closing amid some of the worst violence since protests escalated more than five months ago.

The city is one of the world's most important financial hubs with total banking, fund and wealth management assets worth more than \$6 trillion.

As more than 1,000 protesters occupied main roads in Central, frustrated men in suits were seen kicking bricks off the road, while other office workers on their lunch breaks, most in face masks, joined the crowds in chants for greater democracy.

"I've been here for 26 years and I'm sad and disgusted at what I'm seeing," Nicholas Loup, group vice chairman and chief executive of Chelsfield Asia, a property investment firm, told Reuters as some protesters crouched behind umbrellas nearby and rows of riot police watched.

"They are terrorising ordinary people. My office workers are scared to go to work."

Loup said some of his staff were working from home and he closed the office early on Wednesday.

Another business owner passing through the crowd, who only identified himself as Paul, said he had to put plans to sell part of his insurance firm on hold because of the protests, as potential investors wanted to see how the situation developed.

Trade war endangers 1.5m jobs in US: CA ports study

AFP, Washington

THE US-China trade war threatens almost 1.5 million jobs across the United States that depend on the movement of goods through ports in southern California, according to a report released Tuesday.

Higher import costs and lost markets also pose a risk to \$186 billion in annual merchandise trade through the ports and will burden consumers with billions of dollars in price increases, according to the study published by the Port of Los Angeles, which is heavily reliant on China trade.

Timed to coincide with an address on trade by President Donald Trump on Tuesday, the report's main findings flatly

contradict the White House's message in recent months that the United States is easily weathering Trump's multi-front trade conflict.

US industrial lobbies have raised the volume of their complaints this year as the trade war has dragged on while farms and factories fall on hard times.

"Some regions and industries are already feeling the pain and the damage to jobs, income and tax revenue could be crippling down the road," Gene Seroka, executive director of the Port of Los Angeles, said in a statement.

Trump launched his trade battle with China last year, accusing Beijing of seeking industrial predominance through state intervention in markets, theft of intellectual property and other

practices.

But economists warn the trade war has begun to rattle the global economy, which is already suffering a general slowdown.

Trump announced last month a partial deal with Beijing but any agreement has yet to be signed.

The International Monetary Fund said last month the trade wars are likely to shave 0.8 percent off global growth next year and was eating into business investment in the United States.

The nation's largest container port complex, including the ports of Los Angeles and Long Beach, handles \$380 billion in two-way cargo, with China accounting for 54 percent of imports and 29 percent of exports, according to the

study.

The most vulnerable agricultural states include Republican strongholds like Kansas, Texas and Louisiana as well as electoral battlegrounds such as Ohio and Arizona, according to the report.

The United States and China have so far slapped tariffs on almost a half-trillion dollars in two-way trade.

Trump last month held off on a round of China tariff increases and White House officials have suggested in recent days that as part of the current deal he could also delay new tariffs planned for mid-December.

Those duties would raise costs for highly popular consumer electronics including Apple's iPhones.

Alibaba given OK for huge Hong Kong listing

AFP, Hong Kong

CHINESE online retail titan Alibaba has been given the go-ahead to list shares in Hong Kong, reports said Wednesday, in what could be the city's biggest IPO in almost a decade.

Approval for the sale will also give the city's financial authorities a huge boost as Hong Kong is battered by months of pro-democracy protests that have tarnished its image for security and hammered the Hang Seng Index.

Asia's biggest company will kick off a weeklong roadshow from Wednesday as it looks to garner interest from institutional and retail investors, said Hong Kong's South China Morning Post, which is owned by Alibaba.

It added, citing unnamed sources, that the share price will be agreed on November 20, with trading in the firm expected in the week of November 25.

However, Bloomberg News reported speculation on trading floors that the share sale could be affected by protests that are wracking the city, with the Central business district among the areas targeted by demonstrations.

Alibaba, which is already listed on New York's Nasdaq, had planned to list in the summer but called it off owing to the city's long-running pro-democracy protests and the China-US trade war.

If realised, the \$15 billion IPO would be the biggest since insurance giant AIA garnered \$20.5

billion in 2010. However, it is lower than the \$20 billion it had aimed to raise initially.

The listing also comes after the city's exchange tweaked the rules to allow double listings, while Chief Executive Carrie Lam had also been pushing Alibaba's billionaire founder Jack Ma to sell shares in the city.

A second listing in Hong Kong

will also curry favour with Beijing, which has sought to encourage its current and future big tech firms to list nearer to home after the loss of companies such as Alibaba and Baidu to Wall Street.

Mainland authorities have also stepped up moves to attract such firms, including launching a new technology board in Shanghai in July.

The Sci-Tech Innovation Board was launched as a battle with the United States for technological supremacy heated up, with Chinese President Xi Jinping calling on tech leaders to become global champions, while the US has fought back in part by taking steps to clip the wings of Chinese telecom giant Huawei.

Alibaba has capitalised on the Chinese consumer's love of e-commerce to dominate the sector in China and become one of the world's most valuable companies.

On Monday it said consumers spent \$38.3 billion on its platforms during "Singles' Day", the world's biggest 24-hour shopping event. That was up a quarter from the previous all-time high mark set last year.



REUTERS/FILE

An employee walks past a logo of Alibaba at its headquarters in Hangzhou, China.