News story: UK-China EFD sees launch of London-Shanghai Stock Connect

UK listed companies will be able to sell shares in China from today (17 June), with the launch of the London-Shanghai Stock Connect. This is the first time that any foreign company will be able to list in mainland China.

Investors will be able to trade across London and Chinese time zones, allowing issuers from both markets to raise capital in the other market. It will mean UK listed companies can be traded by more investors, providing investors with greater choice.

There are almost 1500 companies listed in Shanghai, over 260 of which are potentially eligible to take part in Stock Connect and list in London. It is also estimated that China will reach over $17 trillion in assets under management (AUM) by 2030, having had $2.8 trillion AUM in 2016.

The launch of Stock Connect is the centrepiece of today's UK-China Economic and Financial Dialogue (EFD) which sees the Chancellor host Vice Premier Hu Chunhua and a Chinese delegation in London to discuss multilateral and bilateral economic issues, financial services cooperation, and trade and investment.

Launching Stock Connect's first day of trading at the London Stock Exchange, Philip Hammond, Chancellor of the Exchequer will say:

> London is a global financial centre like no other, and today's launch is a strong vote of confidence in the UK market.
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> Stock Connect is a ground-breaking initiative, which will deepen our global connectivity as we look outwards to new opportunities in Asia.

The culmination of four years' work, Stock Connect will mean, for the first time, that international investors will be able to access China A-shares from outside of Greater China, and through international trading and settlement practices. Stock Connect will not require any direct trading infrastructure links. Instead, it will allow companies to dual-list on both the Shanghai and London Stock Exchanges using Depositary Receipts (DRs).

From today, London investors will have the opportunity to trade Global Depositary Receipts (GDRs) for Huatai, the technology-enabled securities group in China.

Additional Information:

- Depositary receipts (DRs) are certificates that represent an ownership of ordinary shares of a company, but that are marketed outside of the company’s home country. DRs are used primarily to increase a company’s visibility in the world market and to access a greater amount of investment capital in other countries. Depositary receipts are structured like typical stocks on the exchanges that they trade so that foreigners can buy into the company without worrying about differences in currency, accounting practices, or language barriers, or be concerned about the other risks in investing in foreign stock directly.