

Title: Saw that one coming...

Author: disoriented\_llama

Created 2021-08-27 15:50:21 UTC

Permalink: /r/TheGloryHodl/comments/pcq06t/saw\_that\_one\_coming/

Url: <https://www.reddit.com/gallery/pcp57g>

Linked Post Content:

11:02 ↗

◀ Gmail

LTE 🔋

it will reveal the name of each Communist Party official that sits on a company's board. Given the current focus on governance of public companies, it seems logical for investors to also know about every Chinese Communist Party official who is exerting control over the operations and finances of the Chinese companies listed on both the NASDAQ and the NYSE."

The most spurious letter came from nine Chinese law professors who had the temerity to write this:

"It is extremely unusual that issuers are required to disclose information relating to a specific foreign political party. Such requirement clearly contradicts the market-based principles of U.S. capital markets and the professionalism of U.S. financial regulation, which reflects an inappropriate inclination to over politicize securities regulation."

For just how spurious that position is, read [U.S. Mega Banks Were Sitting on \\$6.56 Billion of Chinese Education Stocks that China Just Eviscerated](#) and [The Communist Party Just Wiped Out a Whole Industry in China: Next Target, Chinese Companies Spilling Secrets in IPOs on the New York Stock Exchange](#).

Bookmark the [permalink](#).

← The SEC Is Allowing 5-Count Felon JPMorgan Chase to Trade Its Own Bank Stock in its Own Dark Pools

© 2021 Wall Street On Parade. Wall Street On Parade ® is registered in the U.S. Patent and Trademark Office. WallStreetOnParade.com is a financial news website operated by Russ and Pam Martens to help the investing public better understand systemic corruption on Wall Street. Ms. Martens is a former Wall Street veteran with a background in journalism. Mr. Martens' career spanned four decades in printing and publishing management.



Americans are unwittingly raising capital to fund state-owned or state-controlled companies in China is nothing short of breathtaking.)

According to the USCC, those eight Chinese state-owned companies are: (tickers in parenthesis): China Life Insurance Company Limited (LFC); PetroChina Company Limited (PTR); China Petroleum & Chemical Corporation (SNP); China Southern Airlines Company Limited (ZNH); Aluminum Corporation of China Limited (ACH); China Eastern Airlines Corporation Ltd. (CEA); Huaneng Power International, Inc. (HNP); and SINOPEC Shanghai Petrochemical Company, Ltd. (SHI).

As of yesterday's closing prices in New York, the combined market cap of these eight companies was \$348.65 billion, with PetroChina Company Limited commanding \$121 billion of that total.

The U.S. listed Chinese companies, including the eight owned by the Chinese government, had their Initial Public Offerings (IPOs) underwritten by some of the biggest names on Wall Street, including JPMorgan Chase, Morgan Stanley, Goldman Sachs, and Citigroup, among others.

In addition, Wall Street underwriters always have counsel advising them on IPOs – typically from the biggest law firms in the U.S.

The anger about what the Wall Street underwriters and their legal advisors have allowed to transpire on U.S. stock exchanges spilled out in public comment letters filed in connection with the SEC creating a [rule to enforce the new legislation](#). Seven Senators, including John Kennedy, the sponsor of the Holding Foreign Companies Accountable Act, [sent a letter to SEC Chair Gary Gensler on July 28](#), noting the following:

"...many of the largest U.S. underwriters have enthusiastically collected billions in fees and profits from these Chinese firms being listed on U.S. exchanges. Asset managers and index providers similarly profit by including Chinese firms in investment offerings and prominent indexes, including those used by the federal government's Thrift Savings Plan. These American financial institutions do this, while seemingly looking the other way on transparency, the risk of CCP influence, and CPP human rights violations, all to the detriment of the American retail investor and other U.S. interests."

The American Securities Association, which says its mission is to be "America's Voice for Main Street Investors," sent a [public comment letter](#) to the SEC on May 5. Below is an excerpt from the letter:

"The ASA largely supports the Rule as adopted because it will inform investors about the level of ownership and control the Chinese government has in listed companies. Just as important, it will reveal the ~~names of each Communist Party~~ official that sits

## 248 Chinese Companies with Off-Limit Audits and a Market Cap of Over \$2.1 Trillion Are Listed on U.S. Exchanges – Now Congress Demands Action from the SEC

By Pam Martens and Russ Martens: August 27, 2021 ~

For the past 19 years, China has been stonewalling U.S. regulators over access to the work papers of auditors of publicly traded companies that are based in China but listed on U.S. stock exchanges. China takes the position that these audit work papers hold state secrets and it prohibits audit firms from releasing the documents directly to U.S. regulators, effectively gutting U.S. law.



Shanghai's Bull Statue on its Bund Waterfront (left); Bull Statue in Lower Manhattan (right)

Finally, last December, Congress addressed the long brewing problem. Both houses of Congress unanimously passed legislation called the Holding Foreign Companies Accountable Act. The legislation requires that the Securities and Exchange Commission (SEC) identify companies that are listed in the U.S. which the Public Company Accounting Oversight Board (PCAOB) cannot "inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction."

The legislation also requires the listed companies to provide documentation showing that they are not owned or controlled by a governmental entity. It also requires that the SEC prohibit the trading of the company's stock in the U.S. if its audits cannot be inspected for three consecutive years.

Unfortunately, according to the U.S.-China Economics and Security Review Commission (USCC), an independent U.S. government agency, the horse left the barn a long time ago. The USCC reports that as of May 5 of this year, "there were 248 Chinese companies listed on these U.S. exchanges with a total market capitalization of \$2.1 trillion." Those exchanges are the NASDAQ, New York Stock Exchange, and NYSE American (formerly the American Stock Exchange).

The USCC also reports that among the 248 Chinese companies listed on exchanges in the U.S. are eight companies that are "national-level Chinese state-owned enterprises." State-owned companies in China are controlled by the Chinese Communist Party (CCP). (That Americans are unwittingly ~~investing capital in~~ state-owned or state-