

U.S. Listed Chinese Companies: Regulatory Scrutiny and Strategic Options

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China has become the largest emerging market economy and the second largest economy in the world. As a result, many Chinese companies have elected to access the U.S. capital markets for their financing needs. As of June 2020, there are over 200 China-based issuers listed on U.S. exchanges with a collective market capitalization of over \$1.15 trillion. With the rising geopolitical tensions between China and the U.S., long standing regulatory concerns, and the recent fraud scandals surrounding these “China Inc.” companies, U.S. regulators are increasing their focus on U.S.-listed Chinese companies.

Long-Standing Regulatory Concerns

On the regulatory side, there have been long standing concerns regarding China-based issuers. China-based audit firms — including the Chinese branches of the “Big Four” accounting firms— have long been unable to comply with the U.S. Public Company Accounting Oversight Board (PCAOB) inspections required under the Sarbanes-Oxley Act of 2002 (SOX Act), arguing that the production of audit papers would violate Chinese law due to the potential disclosure of state secrets in the audit materials.

Read the full article [here](#).

For more information, please see the following resources:

- [China Passes Controversial Hong Kong National Security Law](#), July 9, 2020
- [China's Relaxed Financial Sector May Aid Foreign Investors](#), June 18, 2020
- [Is There a Law in China Similar to the US Defense Production Act?](#), May 8, 2020
- [Coronavirus Brings Force Majeure Claims to LNG Contracts](#), March 4, 2020
- [The Rise of China](#), March 4, 2020
- [Coronavirus Fears Cast Cloud Over Dealmaking](#), February 27, 2020
- [Is Your China Chemical Plant in Danger of Being Shut Down](#), December 2019