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Comparison of Chinese stock market and US stock market

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2. Description of Stock Market
3. Comparison of Selected Stock Markets
4. Study of Analysis of Selected Stock Markets
5. Conclusion

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List of Abbreviations
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Content

1.Introduction

Capital market is an important part of the modern market economy, and the stock market is the most active part. China stock market developing quite fast, US stock market is developed market. Due to this reason, the objective of thesis is analyzing and comparison of Chinese stock market and the US stock market.

Western scholars have shown that the development of the stock market enriches the structure of financial assets and magnifies the tendency of social storage. This provides incremental capital support for business development and economic growth. China and US are the two largest economic entities in the world today, so the economic activities between china and the US are mutually reinforcing. The aim of comparing the Chinese stock market with US stock market is we can study US stock market's advantages and perfect Chinese stock market.

In conclusion, the stock market is a barometer of the economy. If a country's economic development is different, there will be many differences in the development of the stock market. The US stock market was born earlier, the laws and regulations, the operating mechanism and the trading model are relatively mature. The Chinese stock market started late. Although it has experienced more than 20 years of development, all aspects have been improved, but with the mature US stock market. There are still some differences. Through the comparison of the two, we can find out the problems in the operation of China's securities market and get inspiration from it.

After years of development, China's stock market has become the world's second largest market. From improving financial markets, promoting state-owned enterprise reforms, and optimizing the allocation of capital resources, China's economic development has played an important role in promoting China's economic development. Despite the tremendous achievements of China's stock market, compared with the mature trading management system of developed countries' stock markets, China's stock market still has low marketization, imperfect management mechanism, inadequate information disclosure and supervision, prominent investor characteristics, and excessive speculation. Problems with excessive fluctuations in the short term. As the world's largest economy, the US stock market has developed over several years and gradually formed a relatively complete management system and operating mechanism. This paper compares the management system, operating mechanism, listed company structure, financing scale, and listed company valuation of China and the US stock market. The stock index volatility characteristics expect to be able to discover the problems in the development of China's stock market and the direction of its future development and provide lessons for the healthy development of China's capital market.

In this thesis, it is divided into four chapter: the first part there is description of stock market, including stock market definition, overview of stock investment analysis methods, nature, function participants and products. In the second part of the thesis, there are the comparison of selected stock market. In this part introduce chinses stock market and US stock market separately and finally compare the Chinese stock market with US stock market. At last part, I choose the shanghai stock exchange and New York stock exchange as sample to compare, compare the difference in market size, products, composite index and transactions.

2. Description of the stock market

The stock market is the place where stocks are issued and distributed, and it can also be said to be the place where the issued stocks are bought and sold and transferred.

2.1 Stock market definition

Stock trading is done through the stock market. Generally, the stock market can be divided into one or two levels, the primary market is also called the stock issuance market, and the secondary market is also called the stock trading market.

A stock is a kind of securities. In addition to stocks, securities also include state bonds, corporate bonds, real estate mortgage bonds, and so on. National bonds appeared earlier and were the first to be traded. With the development of the commodity economy, stocks and other valuable bonds gradually emerged. Therefore, stock trading is only one component of the trading of valuable bonds, and the stock market is only one of many marketable securities markets. At present, there is very little single stock market, and the stock market is just the place where the stock market specializes in stocks.

The stock market is one of the main ways for listed companies to raise funds. With the development of the commodity economy, the company is growing and requires a large amount of long-term capital. However, if the capitalization of the company itself is accumulated, it is difficult to meet the needs of production development, so it is necessary to raise funds from the outside. There are generally three ways for companies to raise long-term capital: one is to borrow from banks; the other is to issue corporate bonds; the third is to issue shares. The first two methods have higher interest rates and time limits, which not only increases the company's operating costs, but also makes the company's capital difficult to stabilize, and thus has great limitations. Instead of repaying the principal and interest by using the method of issuing stocks, you only need to allocate a portion of the profits to pay dividends. By comparing these three financing methods together, the way to issue stocks is undoubtedly the most economical and is the most beneficial for the company. Therefore, the issuance of stocks to raise capital has become an important form of economic development of large enterprises, and stock trading has occupied a very important position in the entire securities trading.

The changes in the stock market are closely related to the development of the entire market economy. The stock market has always played a role as a barometer of the economic situation in the market economy.

2.2 Overview of stock investment analysis methods

Human cognition of stock market volatility logic is a challenging world-class problem. So far, no theory or method has been convincing and can stand the test of time. In 2013, the Royal Swedish Academy of Sciences awarded Robert Schiller and others the Nobel Prize in Economics for the year: there is almost no way. It can accurately predict the trend of the stock market bond market in the next few days or weeks, but it may be possible to predict the price of more than three years through research.

At present, from the characteristics and perspectives of the research paradigm, stock investment analysis methods mainly have the following three types: basic analysis, technical analysis, and evolution analysis. In practical applications, they are related to each other and have important differences.

Fundamental Analysis: Taking enterprise value as the main research object, through detailed analysis of the macroeconomic situation that determines the intrinsic value of the enterprise and the impact on the stock price, the development prospects of the industry, and the business operation status of the enterprise, The company's long-term investment value and safety margin, and compared with the current stock price, form the corresponding investment advice. The basic analysis believes that the trajectory of stock price volatility cannot be accurately predicted but can only be “buy and hold for a long time” with enough margin of safety and sell after the margin of safety disappears.

Technical Analysis: The stock price as the main research object, to predict the stock price fluctuation trend as the main purpose, starting from the historical chart of stock price changes, the method of analyzing the stock market fluctuations. Technical analysis has three controversial premises that market behavior is inclusive and diversified; prices fluctuate in a trend; history repeats itself. The most popular technical analysis methods in China include Dow Theory, Wave Theory, and Gann Theory.

Evolutionary Analysis: The intrinsic properties of life movements with stock market fluctuations as the main research object, from the aspects of stock market metabolism, profitability, adaptability, plasticity, stress, variability, rhythm and so on. Start with a dynamic tracking study of market direction and space and provide a total of opportunities and risk assessment methods for stock trading decisions. Evolutionary analysis starts from the essential nature of stock market volatility and believes that various complex causal relationships or phenomena of stock market volatility can find the logical relationship and reasonable explanation between them from the basic principles of life movement and build a scientific and reasonable game. The decision-making framework provides a convincing basis.

2.3 The nature of the stock market

Through the issuance of stocks, a large amount of capital flows into the stock market, and flows into the companies that issue stocks, which promotes the concentration of capital, improves the organic composition of corporate capital, and greatly accelerates the development of the commodity economy. On the other hand, through the circulation of stocks, small amounts of funds have been pooled, which has accelerated the concentration and accumulation of capital.

Therefore, the stock market provides a basic place for the circulation of stocks on the one hand and stimulates people's desire to buy stocks on the one hand and guarantees the issuance of the primary stock market. At the same time, because the trading price of the stock market can objectively reflect the supply and demand relationship of the stock market, the stock market can also provide reference for the price and quantity of the stocks in the primary market.

2.4 The function of the stock market

The function of the stock market reflects the nature of the stock market. In a market economy society, stocks have the following four functions:

Accumulating capital

Listed companies raise stocks through the stock market to raise capital for the company. The listed company entrusts the stock to the securities underwriter, and the securities underwriter is issued to the investor in the stock market. With the issuance of stocks, capital flows from investors into listed companies.

Transfer capital

The stock market provides a place for the transfer of stocks, allowing the issuance of stocks to continue. Without a stock market, it is difficult to imagine how stocks will be circulated, which is determined by the fundamental nature of the stock. When an investor chooses bank savings or buys bonds, he does not have to worry about the liquidity of the money. Because in any case, if the agreed time limit is reached, he can recover the interest according to the agreed interest rate and get back the principal, especially the bank deposit. Even if he withdraws in advance, he can get a small amount of interest in addition to the principal. In short, he will invest. There is no problem with withdrawing and turning into cash. But the stocks are different. Once the stock is purchased, it is called the shareholders of the company. After that, you can neither ask the company that issued the stock to withdraw the shares, nor ask the issuing company to redeem. If there is no stock circulation and transfer place, the investment in buying stocks becomes a dead money. Even if the shareholders urgently need cash, the stocks cannot be cashed. In this case, people will have to worry about buying stocks, and the issuance of stocks will be difficult. With the stock market, investors can transfer their stocks in the stock market at any time, and cash the stocks at a fairer and more reasonable price, so that the dead money becomes a living money.

Conversion capital

The stock market converts non-capital monetary funds into production capital, which bridges the gap between stock traders and provides the necessary conditions for the conversion of non-capital currencies to capital. This function of the stock market is of great significance to the addition of capital and the promotion of the economic development of enterprises.

Give prices to stocks

The stock itself has no value. Although the stock is also circulated in the market like a commodity, the price is not related to the value of the capital it represents. The price of a stock is only displayed after entering the stock market. The price of the stock in the market is different from the face value of the stock. The face value is only the basis for the stockholder to participate in the dividend distribution and does not equal the real capital value represented by the stock. Not the basis of stock prices. In the stock market, the stock price may be higher than its face value, or it may be lower than its face value. The circulation price of stocks in the stock market is determined by various factors such as the expected return of the stock, the market interest rate and the relationship between supply and demand. But even then, if there is no stock market, no matter how much the expected return, the market interest rate will change, it will not affect the stock price. Therefore, the stock market has the function of giving stock prices.

In the stock market, the direction of the stock price depends on the movement of funds. Large institutional investors with strong financial strength can influence or even manipulate the rise and fall of stock prices to a certain extent. They can use their own financial strength to make a false market in a variety of ways to profit from it, thus making the stock market have a speculative side. But this does not represent the whole of the stock market and does not reflect the essence of the stock market.

Objective evaluation of speculative behavior in the stock market. All kinds of speculation in the stock market will have a great negative effect on the development of the commodity economy, but it cannot be ignored that speculation is also an indispensable condition for capital concentration. We should realize that it is precisely because speculative activities have the potential for huge profits that it has stimulated some investors to invest their money in the stock market, thereby promoting a large concentration of capital and turning monetary funds into capital.

2.5 The participants of stock market

2.5.1 Stock holder

A shareholder (or stockholder) is an individual or company (including a corporation) that legally owns one or more shares of stock in a joint stock company. Both private and public traded companies have shareholders. The rights of shareholder have:

Right to vote: Shareholders' meeting of the company limited by shares consists of all shareholders. Stockholders meeting is company's authority. Shareholder attend the shareholders meeting; each share has one vote.

Right to receive dividends: A dividend paid by a corporation is a distribution of profit to owners of the corporation. After the company's income, shareholders have the rights to receive dividends. The consideration for paying or not paying a dividend include the stockholders' wishes, the stock market's reaction, and the corporation's needs and opportunities for cash in the present and in the future.

Right to residual claim: when the company makes up for the loss and raises the statutory reserve fund, the shareholders can obtain the corresponding operating profit according to law. If the company runs into financial trouble, only after all other creditors have been paid what are owed the stockholders will receive what is left, if anything.

2.5.2Market entity

Market entities include stock issuers and stock investors. Stock issuer refers to a joint stock limited company that has publicly issued shares under the conditions of the relevant laws of the People's Republic of China and other countries; stock investors include individual investors, enterprises, various financial institutions, various social funds, foreign countries. Investors, etc.

Securities company

A securities company refers to a limited liability company or joint stock limited company that operates a securities business established in accordance with the Company Law of the People's Republic of China and the Securities Law of the People's

Republic of China. A securities company must indicate the words of a securities limited liability company or a securities company in its name.

The minimum registered capital of the first to third business of the securities company's business operations is RMB 50 million; the minimum registered capital of the fourth to seventh business is RMB 100 million; the fourth item the minimum registered capital for two or more businesses in the seventh business is RMB 500 million. The registered capital of a securities company shall be the paid-in capital. The securities regulatory authority under the State Council may adjust the minimum amount of registered capital according to the principle of prudential supervision and the degree of risk of each business, but not less than the limit prescribed in the preceding paragraph.

Stock exchange

A stock exchange is a legal person that provides places and facilities for centralized trading of securities, organizes and supervises securities transactions, and implements self-discipline management. It enables securities buyers and sellers to conduct transactions in a fixed location, at a specified time, and in a centralized manner.

In order to ensure the fairness and fairness of securities transactions, the exchange itself cannot buy or sell securities, nor can it determine the price of securities transactions. There are two types of stock exchanges:

Firstly, is the membership. A membership-based stock exchange is a body corporate that is voluntarily composed by many members and is not for profit. The members of the exchange must be funded securities brokers or self-employed traders. Only members can participate in securities transactions. The members' responsibility for the exchange is limited to the payment of their membership fees. The relationship with the exchange is autonomous and self-disciplined. The highest decision-making body for a membership exchange is the council, which is elected by members.

Secondly, is the company system. The corporate stock exchange is a corporation established in accordance with the principle of shareholding system and consisting of shareholders. It is a corporate body for profit. The composition of its shareholders generally includes banks, securities companies, investment trusts and so on. Such exchanges stipulate that shareholders, officers or employees of any securities company cannot serve as senior staff members of the stock exchange. Its highest decision-making body is the board of directors. Directors and supervisors are elected by the general meeting of shareholders. The securities dealers who enter the exchange are traded by the registered securities dealers, and the securities firm signs the contract with the exchange and pays the operating margin. The exchange collects commissions for securities transactions.

Both the Shanghai Stock Exchange and the Shenzhen Stock Exchange adopt the membership system of this type of stock exchange. The accumulation of property in a member-based stock exchange is owned by the member, and its rights and interests are shared by the members. During its existence, its property accumulation shall not be distributed to members. Securities registration and settlement institution

A securities registration and settlement institution are a legal person that provides centralized registration, depository and settlement services for securities transactions, and is not for profit. The establishment of a securities registration and settlement institution must be approved by the security's regulatory authority under the State Council.

The functions of securities registration and settlement institutions are registered and settled in a centralized and unified manner. Securities held by securities holders shall be deposited in the securities registration and settlement institution at the time of listing and trading. The securities registration and settlement institution shall not misappropriate the securities of the customers.

The securities depository and clearing institution shall provide the securities issuer with a list of securities holders and related materials.

The securities registration and settlement institution shall, based on the results of the securities registration and settlement, confirm the fact that the securities holder holds the securities and provide the registration information of the securities holders. The securities registration and settlement institution shall ensure that the register of securities holders and the registered transfer records are true, accurate and complete, and shall not be concealed, forged, altered or destroyed.

The securities registration and settlement institution shall properly keep the original vouchers for registration, deposit and settlement and related documents and materials. Its shelf life shall not be less than 20 years.

2.6 The product of stock market

2.6.1Description of stock

The stock (also capital stock) of a corporation is all the shares into which ownership of the corporation is divided, it's an ownership of a corporation represented by stocks that are a claim on the corporation's earnings and assets.

According to the type of the stock, we can classify it into common stock and preferred stock. Stock typically takes the form of shares of either common stock or preferred stock. The key distinction between these two forms of equity securities lies in the degree to which they participate in any distribution of earnings and capital and the priority given to each in the distribution of earnings.

As a unit of ownership, common stock typically carries voting rights that can be exercised in corporate decisions. Preferred stock differs from common stock in that it typically does not carry voting rights but is legally entitled to receive a certain level of dividend payments before any dividends can be issued to other shareholders. Common stock entitles the stockholder to vote in the election of directors, preferred stock generally does not confer voting rights. Preferred stock is a hybrid security that has characteristic of both a band and a common stock. preferred stock is like common stock in that it represents an ownership interest in the issuing firm, but like a bond it pays a fixed periodic payment.

The difference between common stock and preferred stock is that: firstly, preferred stock has a higher claim on assets and earnings than common stock. Secondly, preferred stock generally has a dividend that must be paid out before dividends to common stockholder. Thirdly, common stock has the right to vote, but preferred stock do not have the vote right.

2.6.2 Description of bond

A bond is a security issued by a debtor such as a government, a company, or a bank to raise funds in accordance with legal procedures and promise to repay the principal and interest on the specified date.

Bonds (debenture) is a kind of financial contract. It is a government, financial institution, industrial and commercial enterprise, etc., which is issued to investors when borrowing funds directly from the society. At the same time, it promises to pay interest at a certain interest rate and repay the principal according to the agreed terms. Debt certificate. The essence of a bond is a certificate of debt that has legal effect. The bond buyer or investor and the issuer are a creditor-debtor relationship, the bond issuer is the debtor, and the investor (bond buyer) is the creditor

A bond is a type of security. Since the interest on a bond is usually determined in advance, the bond is a type of fixed interest securities (fixed interest securities). In countries and regions where financial markets are developed, bonds can be listed for circulation. In China, the more typical government bonds are Treasury bills.

2.6.3 Description of fund

Funds is a broad sense; a fund is a certain amount of money established for a certain purpose. It mainly includes trust investment funds, provident funds, insurance funds, retirement funds, and funds of various foundations.

From the perspective of accounting, the fund is a narrow concept, meaning funds with specific purposes and purposes. The funds we are referring to mainly refer to securities investment funds.

Table 2.1 Type of securities investment funds

categories		
whether the units can be increased or redeemed	open-end funds	Open-end funds are not listed for trading (this depends on the situation). The funds are not fixed by banks, brokers, fund companies, and the fund is not fixed.
	closed-end funds	Closed-end funds have a fixed duration and are generally listed and traded on the stock exchanges. Secondary market trading fund units.
organizational forms	corporate funds	The fund is established in the form of an investment fund company by issuing fund shares, usually referred to as a corporate fund;
	contractual funds	it is established by fund managers, fund custodians and investors through a fund contract, usually called a contractual fund. China's securities investment funds are all contractual funds.
difference between investment risk and income	it can be divided into growth, income and balance funds.	
investment objects	it can be divided into stock funds, bond funds, money market funds, futures funds, and so on.	

Sources: investopedia

2.6.4 Stock derivatives

A stock derivative is any financial instrument for which the underlying asset is the price of an equity. Futures and options are the main types of derivatives on stocks.

An option is a contract that gives the holder the right to buy or sell an asset at a fixed price at any given date or any time before that date. The main factories in option is that:

An option is a right. The option contract involves at least the buyer and the seller.

The holder has power but does not bear the corresponding obligations.

The subject matter of the option. The subject matter of an option is an asset that is selected for purchase or sale. It includes stocks, government bonds, currencies, stock indices, commodity futures, and more. Options are “derived” from these subject matters and are therefore referred to as derivative financial instruments. It is worth noting that the option seller does not necessarily own the underlying asset. Options can be “sold short”. The purchaser of the option does not necessarily want to buy the subject matter of the asset. Therefore, when the option expires, the two parties do not necessarily perform the physical delivery of the subject matter, but only need to make up the price according to the price difference.

Expiry date. The date on which the agreed option expires is called the “expiration date”. If the option can only be executed on the expiration date, it is called the European option; if the option can be at any time before the due date or due date Execution, it is called American option.

Execution of options. The act of buying or selling an underlying asset under an option contract is called “execution.” The fixed price agreed upon in the option contract for which the option holder purchases or sells the underlying asset is called the “execution price”.

A future sell something at a predetermined price at a specified time in the future, between parties not known to each other. Futures is completely different from spot. Spot is a commodity that can be traded. Commodities are mainly not goods. Instead, they are based on certain mass products such as cotton, soybeans, oil, and financial assets such as stocks and bonds. Standardized tradable contracts. Therefore, the subject matter can be a commodity (such as gold, crude oil, agricultural products) or a financial instrument. The date of settlement of futures can be one week later, one month later, three months later, or even one year later. A contract or agreement to buy or sell futures is called a futures contract. The place to buy and sell futures is called the futures market. Investors can invest in futures or speculate.

3. Comparison of selected stock market

3.1Chinese stock market

Chinese stock exchange may refer to three main stock exchanges: Shanghai stock exchange, Shenzhen stock exchange and Hong Kong stock exchange.

3.1.1The history of Chinese stock exchange

The development of the Chinese stock market and stock investment has generally experienced three historical periods:

The emergence of the Chinese stock market. As early as 1981, with the development of urban and rural collective economy and the emergence of township and village enterprises, there have been some stock fund raising activities in the form of investment stocks and capital generation in China's economic life. In 1984, many small and medium-sized enterprises, especially township enterprises and collective enterprises, began to spontaneously start fundraising activities in the form of stocks and bonds. In September of the same year, Beijing established the first joint stock company, Beijing Titania Department Store Co., Ltd., to issue stocks for three years. Subsequently, Shanghai Feale Audio Co., Ltd. Partially issued non-repayable shares. Since then, some other large and medium-sized cities across the country have seen some stocks.

The pilot of the shareholding system reform and the stage of management development of the stock market. Since 1986, some state-owned enterprises in China have conducted joint-stock pilot projects and started public offering of shares. The characteristics of the stock market during this period are**:** The purpose of issuing stocks began to link with corporate reform; The theme structure of the stock issuance market has changed, and the number of shares issued by large and medium-sized enterprises has increased and the circulation has increased;

Issued shares meet the requirements of standardization; the stock issuance method began to move closer to international practices, and the number of shares issued to the public gradually increased.

The stock market is in the stage of standardization development. Since the 1990s, China's stock market has not only developed rapidly, its scale has continued to expand, but has gradually evolved toward standardization. On December 19, 1990, the Shanghai Stock Exchange was formally established. Subsequently, the Shenzhen Stock Exchange was officially opened on July 3, 1991. At this point, the Chinese stock market formed an organized on-market centralized trading, from the very beginning. Advanced computer pairing, and paperless operation are used. The issuance of RMB special stocks (B shares) at the end of 1991 opened channels for attracting foreign investment through the stock market. In the development process of the stock market, the following characteristics are presented:

The diversification of investment entities and the stock market awareness of investors have increased. Investors have increased their outdoor income, institutional investors have increased, and the mutual fund market has had initial development.

The trading variety and scale have gradually expanded. The listed stocks in Shenzhen and Shanghai increased from 14 in 1991 to more than 1,000 now.

The stock market donors are increasingly perfect, mainly in two aspects: First, the formation of a "stock exchange, a securities company, a securities trading business department, a securities trading agent point", mutual cooperation, mutual restraint of centralized transactions and decentralized transactions The combination of the trading network structure; the second is the initial formation of the securities market management system, the securities market supervision and the construction of laws and regulations are gradually strengthened. The more important regulations include the "Interim Regulations on the Administration of Stock Issuance and Transactions" and the "Interim Measures for the Administration of Stock Exchanges". The Interim Measures for the Prohibition of Securities Fraud, the Securities Law of the People's Republic of China, etc., the promulgation of these laws and regulations provides legal guarantee for the healthy and standardized development of the Chinese stock market.

The internationalization of the stock market has accelerated. The internationalization of China's stock market began with the issuance of B shares to foreign investors at the end of 1991. Since then, some foreign securities institutions have gradually entered the Chinese market. In November 2002, the People's Bank of China and the China Securities Regulatory Commission jointly issued the Interim Measures for the Administration of Domestic Securities Investment by Qualified Foreign Institutional Investors. The qualified Quantified Foreign Institutional Investors (QFII) system refers to the permissible qualifications. Foreign institutional investors will transfer a certain amount of foreign exchange funds under certain regulations and restrictions and convert them into local currency. They will invest in the local securities market through a special account that is strictly regulated. Their capital gains, dividends, etc. can be converted into foreign exchange remittances upon approval.

3.1.2 Shanghai stock exchange

Shanghai stock exchange was founded on November 26,1990, in the Pudong new area of shanghai.

On December 19, 1990, the Shanghai Stock Exchange officially opened. As of the end of 2009, the SSE had 870 listed companies, with 1,351 listed securities and a stock market value of 1,845.523 billion yuan. Many national economic pillar enterprises, key enterprises, basic industry enterprises and high-tech enterprises have not only raised development funds but also transformed their operating mechanisms.

In December 2018, with the approval of the China Securities Regulatory Commission, the newly revised "Shanghai Stock Exchange Corporate Bond Listing Rules" and the "Shanghai Stock Exchange Non-public Issuance Corporate Bonds Listing Rules" were officially released and implemented.

The SSE has an office, a personnel department (organization department), a party office (propaganda department), a discipline inspection office, a transaction management department, a listing and listing department, a listed company supervision department, a listed company supervision department, a member department, a bond business department, and international development. Ministry, Funds and Derivatives Department, Market Supervision Department, Legal Department, Investor Education

Department, System Operation Department, Technology Development Department, Technical Planning and Service Department, Information Center, Beijing Center, Finance Department, Risk Control and Internal Audit Department, Twenty-three departments such as the Administrative Service Center (Security Department) and the Infrastructure Working Group, as well as three subordinate organizations, the Shanghai Stock Exchange Development Research Center, Shanghai Securities and Communications Co., Ltd., and the SSE Information Network Co., Ltd., through their rational division of labor. And coordinate operations to effectively serve as the organizer of the securities market.

Table 3.1 Stock size of Shanghai stock exchange

Listed company	1463
Listed share	1570
A share	1456
B share	51
Average price-earnings ratio/times	15.3
Total tradable share capital/100million shares	33710.12
Total share capital/billion shares	38089.85
Total circulation market value/100million yuan	282586.89
Total market value/billion yuan	331946.31

Source: SSE

Table 3.2 Quotes of Shanghai stock exchange

The shanghai composite index	3043.03	-1.97%	3754 billion
SSE 50	2718.18	-2.76%	662 billion
SSE 180	8244.84	-2.44%	1377 billion
SSE 380	5057.47	-0.83%	953 billion
Shanghai and Shenzhen 300	3742.82	-2.37%	2234 billion

3.1.3 Shenzhen Stock Exchange

The Shenzhen Stock Exchange (hereinafter referred to as “Shenzhen Stock Exchange”) was established on December 1, 1990. It is a place to provide venues and facilities for centralized securities trading, organize and supervise securities transactions, and fulfill relevant national laws, regulations, rules and policies, a legal person who implements self-discipline management.

The main functions of the Shenzhen Stock Exchange include: providing places and facilities for securities transactions; formulating business rules; reviewing securities listing applications, arranging securities listings; organizing and supervising securities transactions; supervising members; supervising listed companies; managing and publishing market information Other functions permitted by the China Securities Regulatory Commission.

So far, we have built a multi-level capital market system in China as our mission, fully support the development of China's small and medium-sized enterprises and promote the implementation of the national strategy of independent innovation. In May 2004, the SME board was officially launched; in January 2006, the transfer of shares of non-listed companies in Zhongruans Science and Technology Park began to be piloted;

in October 2009, the GEM was officially launched, and the multi-level capital market system was basically established.

The Shenzhen Stock Exchange adheres to the fundamental concept of improving market transparency and implements the eight-character policy of “regulation, innovation, cultivation and service” and strives to create an open, fair and just market environment.

Table 3.3 Stock size of Shenzhen stock exchange

Stock total market value	222578.25
Stock market capitalization	165943.67
Numbers of listed companies	2150
Numbers of listed securities	8256
Stock average price-earnings ratio	26.03
Stock turnover	4447.24

Source: http://www.szse.cn

3.1.4 Hong Kong exchanges and clearing limited (HKEx)

The first stock exchange in Hong Kong was established in 1891. The current Hong Kong Stock Exchange was formed in 1980 by the previous four exchanges and officially opened in April 1986. After 13 years of development, the Stock Exchange has today become a major international stock exchange from a local stock exchange. As of the end of February 2000, the Stock Exchange is the ninth largest exchange in the world and the second largest exchange in Asia, with a market value of nearly HK$4,945 billion. The purpose of the Stock Exchange is to provide a fair, transparent and efficient fundraising and securities trading market for securities issuers and investors in Hong Kong and Mainland China.

The Hong Kong Stock Exchange is now the holding company of The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited. These market institutions have been striving to lead Hong Kong's financial services industry to break through geographical boundaries and turn it into an important member of today's global market. The Hong Kong Stock Exchange has combined their experience and wisdom to bring together. The Hong Kong Stock Exchange was listed in June 2000 as the stock exchanges and futures exchanges were traded and merged with the relevant settlement companies. As a listed company that is responsible to shareholders, HKEx is actively taking advantage of the opportunities emerging in Asia and around the world to look forward to business development. The Hong Kong Stock Exchange will be market-oriented and manage the markets dominated by various businesses. The Hong Kong Stock Exchange has an efficient operating business structure. Its business is divided into functionally-oriented, business-focused business units that are managed directly by the management and board members of the Hong Kong Stock Exchange. The board of directors of the Hong Kong Stock Exchange is the highest decision-making body, formulating relevant policies on major strategic and operational issues. HKEx offers a wide range of pre-trade and post-trade investment services. Its business units, including the Trading Markets Division, the Clearing Division, the Business Development and Investor Services Division, the Information Services Division and the Information Technology Division, are committed to providing value-added services to investors, market intermediaries and listed companies.

Institutional functions of the Honk Kong stock exchange:

- Stock settlement

Hong Kong Securities Clearing Company Limited was incorporated in 1989. Its Central Clearing and Settlement System was put into service in 1992 and became the central settlement counterpart of all settlement system participants. The operation of the central clearing is based on the non-liquidized stocks deposited in the central depository. The settlement of shares is completed by electronic deposit or debit through the share of the central clearing and settlement system participants in the form of continuous net settlement. All share transactions between CCASS participants need to be settled on the second trading day (T+2) after the transaction. Hong Kong Clearing also provides agent services.

- Settlement and settlement procedure

The settlement and settlement procedures for various products on the Hong Kong Stock Exchange are handled by the Clearing House, the Options Clearing Company and the Futures Clearing Company. Among them, the Hong Kong Clearing House is responsible for the settlement and settlement of eligible securities for trading on the Main Board of the Stock Exchange and the Growth Enterprise Market.

- Continuous net settlement system

Hong Kong Clearing implements a continuous net settlement system. Under the continuous net settlement system, each CCASS participant buys or sells a certain security to other CCASS participants, and the remaining net purchase or net sale shares are offset by rolling. As a delivery standard. Exchange Participants must complete the settlement with CCASS by 3:45 pm on the second trading day after each trading day (T-day), which is generally referred to as “T”. +2" daily settlement system (i.e. transaction/sales day plus two trading days).

Table 3.4 Top 5 Stocks turnover on 26 Mar 2019

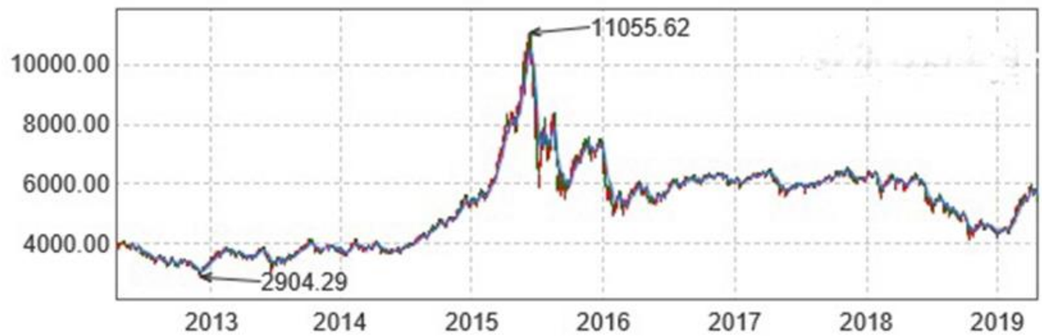
Nominal price	Change (%)	Turnover ($000)
Tencent (700) HK$351400	-0.68	5696478
Ping AN (2318) HK$84900	+0.53	2180900
AIA (1299) HK$75650	+0.33	1760513
CCB (939) HK$6800	-0.15	1698189
ICBC (1398) HK$5800	-0.34	1365962

Source: east money

3.1.5Main index

The main index of Chinese stock market including the SZSE component index, the SSE composite index and Hang Seng Index.

Chart 3.1 SSE 100



Source: SSE

The SSE composite index also known as SSE index is a stock market index of all stocks that are traded at the shanghai stock exchange.

Figure 3.2 The Shenzhen composite index

Source: SZSE

The SZSE component index is an index of 500 stock that are traded at Shenzhen stock exchange. It is the main stock market index of SZSE.

Figure 3.3 Hang Seng Index

Source: HKEX

The Hang Seng Index is a free float-adjusted market-capitalization-weighted stock-market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong.

3.1.6Chinese stock market regulation and rules

The rule of the Chinese stock exchange market is that T+1 delivery, T+1 settlement: The two parties to the transaction complete the securities and payment related to the transaction on the next day of the transaction, that is, the buyer receives the securities and the seller receives the payment. China's Shanghai and Shenzhen stock exchanges implement T+1 settlement for A shares.

Stock trading day: Monday to Friday (national holidays and exchanges are closed for the rest day)

Table 3.5 Shanghai Stock Exchange Stock trading hours:

Opening auction time	9:15 —— 9:25
City, continuous bidding time	9:30 —— 11:30
After the market, continuous bidding time	13:00 —— 15:00

Source: SSE

Table 3.6 Shenzhen Stock Exchange Stock trading hours:

set auction time	9:15 —— 9:25 s
City, continuous bidding time	9:30 —— 11:30
After the market, continuous bidding time	13:00 —— 14:57
closing auction time	14:57 - 15:00

Source: SZSE

Table 3.7 Hong Kong stock trading hours in China:

	Morning Market	Lunch City
Monday to Friday	10:00-12:30	14:30-16:00
Saturdays and Sundays	close	close

Attention: Closed on and Hong Kong public holidays

Source: HKEX

Call auction refers to the free trading of investors at the psychological price that they can accept at 9:15-9:25 on each trading day. The computer trading host system concentrates on all effective commissions. Combine the process. If the valid entrusted order in the auction bidding time is not filled, it will automatically enter the continuous bid starting from 9:30.

Continuous bidding refers to the commission of each transaction for the declaration. The computer trading system generates the transaction price according to the following two conditions: if the highest purchase declaration is the same as the minimum sale report, the price is the transaction price; the purchase declaration When the price is higher than the sell-off, or when the sell-off is lower than the buy-in, the previous price is the transaction price.

Table 3.8 Non-retractable time:

Shanghai Stock Exchange:	9:20 - 9:25 per trading day
Shenzhen Stock Exchange	9:20 - 9:25, 14:57 - 15:00 on each trading day

Table 3.9 Trading hours of block trades

Shanghai Stock Exchange:	9:30 - 11:30, 13:00 - 15:30 per trading day.
Shenzhen Stock Exchange:	9:15 - 11:30, 13:00 - 15:30 per trading day

Block trade users can log in to the firm's block trading electronic system at 14:30-15:00 on the trading day to prepare for the start of the transaction; block trade users can pass the firm's block trade at 15:30-16:00 on the trading day. The electronic system queries the big transaction on the day or receives the transaction data for the day.

Hong Kong Stock Trading Rules: the actual settlement time is the second working day after the trading day (T+2); before T+2, the customer cannot withdraw cash, physical stock and transfer trust of the purchased shares; Hong Kong stock trading can do T+0 reversal transactions

3.1.7 Supervision of Chinese stock market

In the past, the supervision of the securities market was mainly in the form of the People's Bank of China, the government reform commission, the State Administration for Industry and Commerce and other government agencies and local governments in Shanghai and Shenzhen. After the establishment of the Securities Commission of the State Council and the China Securities Regulatory Commission, the securities supervision is under the responsibility of the Securities Commission of the State Council, and the China Securities Regulatory Commission, as the executive body of the Securities Commission, undertakes the supervision of the securities market in China. The State Council revoked the Securities Commission and in the same year confirmed the China Securities Regulatory Commission as the competent authority for securities supervision. With the development of the securities market, China's securities legal system has also been gradually established, such as the "Company Law", the "Regulations on Treasury Bills", the "Interim Regulations on the Administration of Stock Issuance and Transactions", the "Interim Measures for the Prohibition of Securities Fraud", and the Stock Exchange. A series of securities laws and regulations, such as the Administrative Measures, the Information Disclosure System for Public Issuance of Stock Companies, and the Forbidden System for Securities Markets, have been promulgated and implemented. The promulgation of the "Securities Law" as the fundamental law further established the framework of the legal norms of the Chinese **Securities market**.

The regulatory means of china ‘securities market:

Legal means. This approach is achieved through securities laws and regulations. The main means of the regulatory authorities are strong.

Economic means. This means refers to the intervention of the securities market using economic instruments such as interest rate policy, open market business, and tax policy. This method is relatively flexible, but the adjustment process may be slow and there is a time lag.

Administrative means. This means refers to the administrative intervention of the securities market through the formulation of plans and policies. This method is relatively straightforward, but improper use may violate the laws of the market, fail to function or even punish. Generally, in the early stage of the development of the securities market, the legal system is still not perfect, the market mechanism has not been straightened out, or it is used in case of unexpected events.

3.2 US stock market

US stocks refer to stocks listed on the New York Stock Exchange and Nasdaq Stock Market. At present, the Dow Jones Industrial Stock Index, the Nasdaq Index and the Standard & Poor's 500 Index represent the rise and fall of the US stock market.

The US stock market is an important form of raising long-term funds by issuing stocks. The US stock market is the most developed stock market in the world. Whether it is the stock issuance market or the circulation market, whether it is the number of shares issued and traded, the stock market capacity or the degree of market development, it is second to none in the world.

The US stock circulation market is mainly divided into a centralized trading market and a diversified trading market. The former mainly refers to stock exchanges, the latter includes the over-the-counter market and the third and fourth markets, and the US circulation market is the redistribution market of issued shares. Its main task is to provide venues, equipment and professionals to facilitate and facilitate secondary transactions in securities.

3.2.1 The history of US stock market exchange

The 200-year development of the US stock market and stock investment has generally experienced four historical periods.

The first historical period was from the end of the 18th century to 1886, when the US stock market was initially developed.

The second historical period was from 1886 to 1929. At this stage, the US stock market was rapidly developed, and market manipulation and insider trading were very serious.

The third historical period was from the Great Depression in 1929 to 1954, when the US stock market began to enter an important period of normative development.

The fourth historical period was from 1954--the rapid development of institutional investment and the entry of the US stock market into the modern investment era.

3.2.2New York Stock Exchange (NYSE)

The longest, largest and most famous stock market in the US has at least 208 years of history, with more than 3,600 listed stocks, including most of the long-established 'Financial 500 companies,' with a total stock value of 7 trillion. In the US dollar, the listing conditions are also relatively strict. Companies that want to raise funds if they have not made any money cannot enter the New York Stock Exchange. Many of the big American companies that we are familiar with have chosen to list their shares here, such as International Business Machines Corporation, The Boeing Company, General Electric Company, and so on.

Table 3.10 basic situation of NYSE

Description	Last	Change (%)
NYSE COMPOSITE INDEX NEW	12632.0738	+96.3938(+0.77%)
NYSE US 100 FUND	10429.9013	+82.7531(+0.80%)
DOW-JONES INDUSTRIALS 30 STOCK A	25657.79	+140.96(+0.55%)
S&P 500 INDEX	2816.22	+17.86(+0.64%)
NYSE FUNG+TM INDEX	2618.8838	+6.8813(+0.26%)
NYSE BITCOIN INDEX	3905.057	-58.0143(-1.46%)

Source: NYSE

3.2.3 Nasdaq Stock exchange (NASDAQ)

NASDAQ, known as the National Association of Securities Dealers Automated Quotations (NASDAQ), is an intangible market based on electronic networks. Currently, approximately 5,400 companies are listed in the market. Listing is the largest securities market in the US with the largest number of listed companies

In 1968, the National Association of Securities Dealers Inc. (NASD) decided to create the "National Association of Securities Dealers Automated Quotation System" to solve the segmentation problem of the OTC market. In 1971, the trading system was officially launched. NASD connected more than 500 market makers' trading terminals and data centers to form a data exchange network, and selected more than 2,500 scales, performances and growth from the OTC market. Stocks, which require market makers to list these stock quotes in the system for investors' reference. In 1975, NASD proposed a listing standard that completely cut off links with other OTC stocks and became a completely independent listing place. In 2000, Nasdaq issued shares through private placement and began trading in the OTC market in 2002. In February 2005, Nasdaq was listed on its own market. In May 2007, Nasdaq acquired OMX, a Nordic securities market, for $3.7 billion to form a transatlantic trading platform. The new company is named Nasdaq OMX Group, with a total market capitalization of US$7.1 billion, of which Nasdaq has a 72% stake and OMX shareholders own a 28% stake.

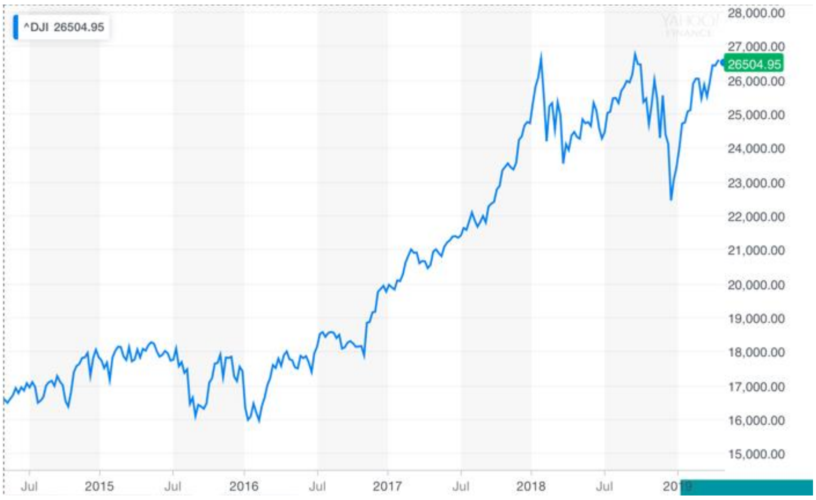
3.2.4 American stock exchange (AMEX)

American Stock Exchange, referred to as "ASE" or "AMEX", is the second largest stock exchange in the US and the third largest stock exchange, second only to the New York Stock Exchange and NASDAQ. Stock exchange market. The American Stock Exchange was originally based on small and medium-sized stock trading. In recent years, it has made great achievements in the trading of financial derivatives and ETFs, and its status has become increasingly important.

3.2.5 The main index of US stock market

The Dow Jones Industrial average: The Dow Jones Industrial is a price-weighted average of 30 significant stocks traded on New York Stock exchange and the NASDAQ. And DJIA was invented by Charles Dow back in 1896.

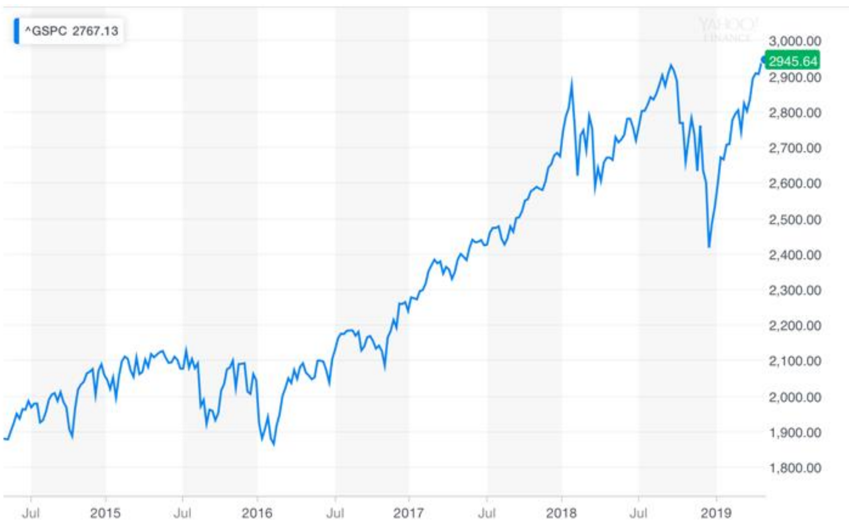
Figure 3.4: The Dow Jones Industrial average



Source: yahoo finance

S&P 500: An index of 500 stock chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index committee, a team of analysis and economists at Standard & Poor's. The S&P 500 is a market value weighted index- each stock's weight is proportionate to its market value.

Figure 3.5: S&P 500



Source: yahoo finance

NASDAQ composite: NASDAQ composite is a stock market index go common stocks and similar securities listed on the NASDAQ stock market.

Figure 3.6: NASDAQ Composite Index (.IXIC)

Source: NASDAQ

3.2.6 US stock market regulation and rules

Then I will introduce the US stock market regulation and rules passing by the table of the following.

Table 3.11 US trading hours (Monday to Friday):

US eastern time (EDT)	09:30-16:00
summer time, early march to early November (Beijing time)	21:30-next day 4:00
winter time, from the beginning of November to the beginning of march (Beijing time)	22:30-next day 5:00

Table 3.12 Us trading hours before trading:

Us eastern time (EDT)	04:00-09:30
summer time, from early march to early November (Beijing time)	16:00-21:30
winter time, from the beginning of November to the beginning of march (Beijing time)	17:00-22:30

Table 3.13 Us trading hours after trading:

Us eastern time (EDT)	16:00-20:00
summer time, from early march to early November (Beijing time)	04:00-08:00
winter time, from the beginning of November to the beginning of march (Beijing time)	05:00-09:00

3.2.7 Supervision of US stock market

The main regulators of the US stock market include the US Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and the Securities Investor Protection Corporation (SIPC).

SEC/securities and exchange commission

Founded in 1934, the SEC is the leading regulator of the US securities industry. The SEC's responsibilities include protecting investor rights and maintaining a fair, orderly, and efficient market environment. Entrust some of the regulatory powers to the self-regulatory organization of the securities industry, SEC's official website: http://www.sec.gov.

The advantage is that these industry self-regulatory organizations are familiar with the business methods and conditions of the industry and the characteristics of their work, able to identify problems early and propose solutions that are more in line with industry interests.

The disadvantage is that industry self-regulatory organizations may be reluctant to reform the interests of investors in order to protect member companies (brokers).

The SEC usually handles cases: misleading investors, insider trading, deliberate disclosure of non-public information of listed companies, manipulation of the stock market, and breach of fiduciary duty.

The SEC is mainly divided into four departments. You can see in annexes 1.

Table 3.16 The SEC regulates the securities market primarily in accordance with the following federal bills: Securities Act of 1933, Securities Exchange Act of 1934, 1939

Trust Indenture Act of 1939, Investment Company Act of 1940, Investment Advisers Act of 1940, The Sarbanes-Oxley Act of 2002.

FINRA/Financial industry regulatory authority

FINRA's website is: www.finra.org. It was formed in 2007 by the National Association of Securities Dealers (NASD) and the law enforcement division of the New York Stock Exchange. It is currently the largest self-regulatory organization in the US securities industry. FINRA manages all securities firms that do business with the public: nearly 4,850 securities companies and 650,000 securities practitioners.

In addition to the SEC and FINRA's supervision of the securities industry, the securities industry regulators in the US states also regulate the securities industry under the Blue-Sky Act.

Users can log on to the North American Securities Management Association www.nasaa.org and click on “Contact Your Regulator” to find the securities industry regulators in each state.

FINRA's responsibilities cover almost all aspects of the securities business, mainly: Investor education, regulating the trading activities of stock exchanges and appraisal and issue licenses to practitioners.

SIPC/security investor protection corporation

The SIPC website is: www.sipc.org, which was established in 1970 to protect the interests of securities investors in the event of the collapse of brokerage firms.

SIPC plays two main roles in the event of a brokerage failure:

Firstly, if the broker does not have cash and securities, SIPC compensates the client for securities or cash of no more than $500,000 (where the cash does not exceed $100,000).

Secondly, return the cash and securities deposited by the customer to the brokerage company to the customer;

SIPC is not a government agency, but a non-profit organization funded by member companies (mainly securities dealers) to maintain operations. SIPC does not compensate for losses arising from changes in the price of securities, nor does it deal with complaints about fraudulent conduct by brokers.

3.3 Comparison of Chinese stock market and US stock market

3.3.1 Different in history and development

Looking back on the development of the stock market in china and US, the development paths of the two are not the same.

The American Stock Exchange was founded in the early 19th century and has a history of more than 200 years. The Chinese stock market trading began in the early 1990s and has been less than 30 years ago. The distance between them is as far as the history of China and the United States. Compare with US stock market Chinese stock market is very young, it’s a market that has just passed from emerging markets to mature markets. On the one hand, Chinese stock market has the common question that emerging markets have, such as law and regulations are not sound enough, information is not sound enough, information disclosure, accounting standards and accounting service standards are not high enough. There is a certain gap between the quality of listed companies and the mature market. There are also some unique problems in the corporate governance structure. The level of market supervision needs to be improved. On the other hand, China is also a transitional economy. The history of transition from a planned economy to a market economy is not long. In this context, there are other characteristics: excessive administrative intervention; a large proportion of state-owned components; and typical market economy. There are big gaps in theoretical assumptions; they are particularly weak in terms of legal accounting and investor maturity.

First, the earliest securities transactions in the United States were part of commodity trading. From the early 18th century, near Wall Street in New York, a market for selling wheat, tobacco, and a small variety of securities, and selling slaves to the present, strictly speaking, the US stock market has a history of nearly 300 years. Along the way, after the 1929 stock market crash, the establishment and collapse of the Bretton Woods system, the international stock market storm in the late 1980s, and the high-tech stock market bubble since the 1990s, 300 years of US stock development history There are a lot of twists and turns, but the general trend is still not growing. Especially since the Second World War, the US economy has developed rapidly, the stock market value has risen rapidly, the number of listed companies has increased, the Dow Jones index has risen, and the legal system and regulatory system have become more and more perfect. The US stock market has become the largest and most developed stock market in the world. In contrast, China stock market is starting at the early 1980s. At that time there is no concentration of the transaction, the market size is small, the development is not standardized. Until the Shanghai Silver Since 1990, the rear of the Shenzhen District of 1991, has formed a centralized stock market. With the Chinese economy to the glory of the process, China stock market has also been unprecedented. With the introduction of the new management system in 1997, the Shanghai Stock Exchange was created as the China SFC management, and two cities in an internalization took an important step, the development also further accelerated. And because the Chinese stock market is China's stock formation reform, the demand for the economic development of the financial leading caused by the historical product, the outcome of the new and old economic system alternate periodic contradictions. On the one hand, the shareholdings of the stocks issued in the initial stage are basically the same, with the special background of the Chinese shareholding system. On the other hand, the issuance and trading of stocks are not synchronized. The two are separated by two years; the state-owned shares, legal person shares, and other public shares and individual stocks are treated differently. In order to prevent people from criticizing the “privatization tendency”, only individual stocks are listed and traded. These problems exposed the weaknesses of economic reform at that time and exposed the deep-seated contradictions in the reform of ownership, which also brought a long-term shadow to the development of the stock market.

From the initial agreement, the US stock market only traded among members, and no outsiders could participate. The "Sycamore Tree Agreement" for which the commission was charged according to the regulations went to the establishment of the New York Stock Exchange to the continuous improvement of various regulations, and the brewing time was long; China's stock market established a certificate exchange in 1990. From the initial "old eight shares" to more than 1,500 stocks today, the development is rapid, but the market is not mature enough, it has the meaning of destructive encouragement, and it does not conform to the laws of the market economy.

Secondly, the market operation efficiency of the US stock market is relatively high. The administrative color of the Chinese stock market is strong. From the establishment, it has the color of administrative intervention. It once had the mission of solving the problem for the state-owned enterprises. Compared with the US market operation and free competition have it have big difference

Third, the US stock market is developing at a moderate rate and is fully circulated. Shares are often more than double the net assets and are a “barometer” of the real economy. The Chinese stock market completed the US stock market in just over a decade after its establishment. The road that has been taken for 300 years has traces of the "Great Leap Forward." And because 2/3 of the state-owned shares, legal person shares cannot be circulated, only one-third of the public shares can be circulated, social hot money is more, the stock is still higher than the foreign stock market price-earnings ratio, the share price is more than three to four times the net assets. Therefore, the fluctuation of China's stock market mainly depends on the supply and demand of funds and stocks entering the market, and the relationship between the good and bad of the real economy is not positively related. It is not a "barometer" of the economy.

Fourth, the market mechanism of the US stock market is relatively complete. China still lacks many effective investment hedging tools. The US stock market has short-selling mechanisms, and there are stock index futures, index funds and other safe-haven investment tools, which provide investors with more choices. China has neither short-selling mechanisms nor indexing instruments, stock index futures and other hedging instruments. The risk of investors investing in stocks is high.

All in all, the US stock market has a history of nearly 300 years, while the Chinese stock market has only developed for 20 years, and Shanghai, the Shenzhen Stock Exchange established a formalized centralized market transaction for only 10 years.

From the perspective of market origin, the US stock market is spontaneously formed to meet the needs of capitalist free economic development. The Chinese stock market was developed along with the reform of China's economic system, especially the state-owned enterprise shareholding system. It was designed and built to solve the shortage of capital for the development of state-owned enterprises. At the beginning, the government's design thinking on the stock market was the future development of the market has far-reaching implications. Due to the incompleteness of the shareholding system reform, the Chinese stock market began not only as an emerging market, but also with the particularity and transformation characteristics of the stock market dominated by state-owned listed companies. The initial design, such as the large proportion of listed companies in China, the state-owned shares are considered to be a series of problems in the essential defects of the Chinese stock market, it is difficult to solve in a short period of time, coupled with the high risk of the securities market and recent The year continued to be sluggish, and a large amount of funds were lost from the securities market. In 2004, the stock of securities in the securities market was less than half of the amount of funds in 2001. The financing problem in the securities market has become the main reason restricting the development of the market. Further improving the supervision of the securities market has become a top priority.

3.3.2 Different in trading mechanism

The trading mechanism of chinses stock and the trading mechanism of US stock market have many differences. Then I will analysis the difference between trading hour, transaction code, trading units, account opening procedure, transaction fee, transaction system, financing system, short selling mechanism. You can see in the annexes 2.

3.3.3 Difference in regulation

The Chinese government has more interventions in the stock market, and there are more administrative agencies involved in securities business. For example, the reduction of state-owned shares and the approval of agreement transfer are the responsibility of the Ministry of Finance; whether the investment of listed companies is in line with the national industrial policy is subject to approval by the National Development and Reform Commission; The B shares are open for approval by the State Administration of Foreign Exchange. At the same time, the SFC's rights are too large and excessively involved in the market. From issuance audit to market access, from the actions of listed companies to the detection of market violations, etc., all related to the stock market are within its control, which limits the self-regulation of the market mechanism and opens a great the "rent-seeking space" is likely to cause hidden dangers in the stock market. In addition, due to the decentralization of securities regulatory resources, it is easy to cause administrative inefficiency. Relatively speaking, the US government does not over-intervene the stock market, but advocates that the market itself plays a regulatory role. The US SEC has a strong independence. The various departments under the SEC only supervise the rationality and standardization of the market. Management rarely intervene in market decision-making; the main role is to safeguard investor rights and regulate the disclosure level of listed companies.

3.3.4 Difference in supervision

The differences between the stock markets of China and the United States are obvious. First, the legal system has different foundations. Second, the structure of listed companies is different. The shares of listed companies in the United States are relatively scattered. The shares of Chinese listed companies are obviously concentrated, and the holdings of shares are more than 30%. The proportion of shareholders is much higher than that of the United States; the third is that the degree of development of the capital market is different, the US market is relatively mature, and the degree of marketization is high. The development of the Chinese capitalist market is only 20 years, and the degree of marketization and system improvement are far from the United States. Listed companies are obviously scarce resources in China; fourth, the structure of investors in the two countries, the investment objectives of investors have certain differences.

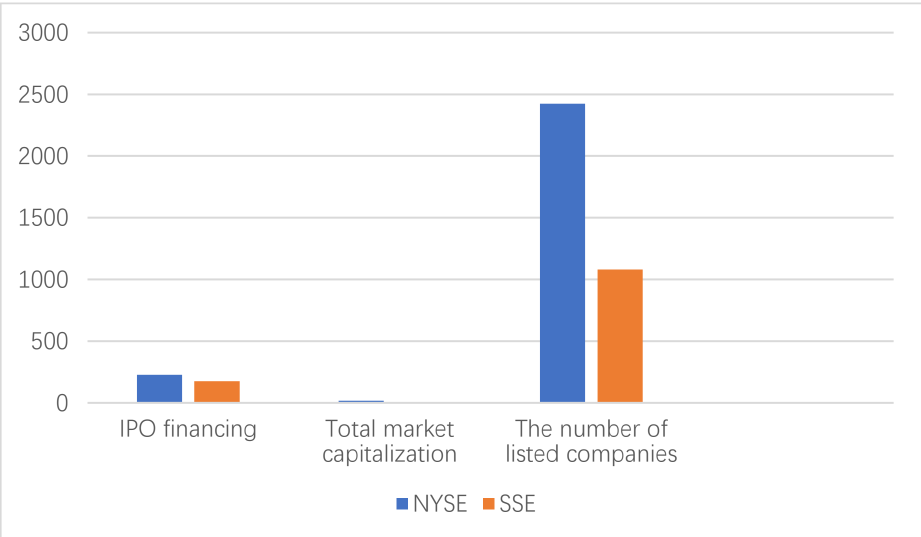
4. Study of analysis of selected stock market

Shanghai stock exchange is the largest stock exchange in mainland china, and recently developed stock exchange, it can represent the development of the Chinese stock market. New York stock exchange is the biggest and the most famous stock market in US and developed very well. So, comparison these three stock exchanges tell us the difference between Chinese stock market and US stock market.

Table 4.1 Basic situation comparison

Main indicators	NYSE	SSE
IPO financing	227.72	174.51
Total market capitalization	17.8	4.5
The number of listed companies	2424	1081
Biggest market capitalization industry	Financial industry (18%)	Industry (23%)

Chart 4.1: Basic situation of SSE and NYSE



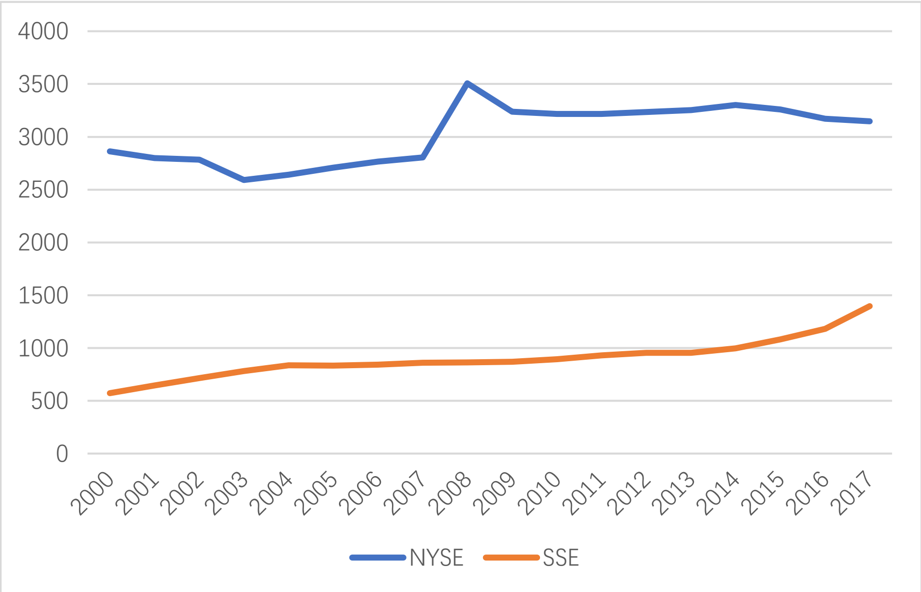
As of the end of 2015, the securitization rates of the US and China were 140% and 78%, respectively, and China's securitization rate was only about half of that in the United States. Specifically, the total market capitalization of the NYSE market was approximately $17.80 trillion, and the IPO funding for the year was $24.6 billion. According to the WFE (World Federation of Exchanges) data, the NYSE's total market capitalization and IPO funding are among the highest in the global exchange. The market value of listed companies in the NYSE is relatively balanced. Among them, the industry with the largest market value is the financial industry, with a market value of 18%; the market value of the medical, industrial and consumer goods industries is closely followed, accounting for the proportion It is 13%, 12% and 11%.

The total market value of the stock market in the Shanghai Stock Exchange was US$4.5 trillion. The IPO fundraising amount was US$17.5 billion in that year, and the market capitalization and fundraising amount ranked fourth in the world. The Shanghai Stock Exchange market is dominated by financial listed companies, with a market capitalization ratio of 33%. The market capitalization of listed companies in the industrial and energy industries is second, with market capitalization accounting for 19% and 9% respectively. Information technology and optional consumption represent the new economy. There are fewer innovative and entrepreneurial companies with new technologies and new models, and lower market capitalization.

4.1.1 Number of selected stock exchange

The number of selected stock exchange you can see the annexes 3. And according to the annexes, I make a chart as following.

Chart 4.2: Listed companies in NYSE and SSE



We can see the line that the number of listed companies in shanghai stock exchange is obviously always increasing. The growth degree is much higher. We can see the line that the number of listed companies in NYSE has a decrease during 2008. As we all know it because the global economic crisis. And the line of SSE is increase and never have decrease, which means Chinese stock market is developed gradually, even though it still has a huge gap.

4.1.2 Market capitalization

Market capitalization shows the operation condition of a stock market, the demand and supply relation of stocks and the scale exchanges in a degree.

Table 4.2 Comparison total market capitalization NYSE and SSE (RMB100 million)

Year	NYSE	SSE
2009	*	27527
2010	*	26685
2011	*	22119
2012	*	23658
2013	*	22535
2014	26974500	36370
2015	24501342	44006
2016	26516935	42427
2017	27846175	49392

From this table, compare the two different data, we can find that SSE total market capitalization is lower much than NYSE total market capitalization. And we can see that SSE total market capitalization is increasing gradually, but NYSE total market capitalization is stability in a high level. Since 2014, SSE is increased very quickly, but we can see that the gap between SSE and NYSE is bigger and bigger.

Table 4.3 Top 10 companies by market capitalization in NYSE 2019($billion)

Range	Name	Market capitalization
1	Berkshire hatchway INC	3384.0411
2	Alibaba group holding limited	3150.2144
3	Johnson & Johnson	2460.4859
4	JP Morgan chase & CO	2342.7667
5	VISA INC	2293.6779
6	Exxon Mobil corporation	2279.3071
7	WALMART INC	1920.1729
8	ROYAL DUTCH SHELL PLC	1867.995
9	Procter & gamble company	1720.4599
10	Verizon communications INC	1620.2004

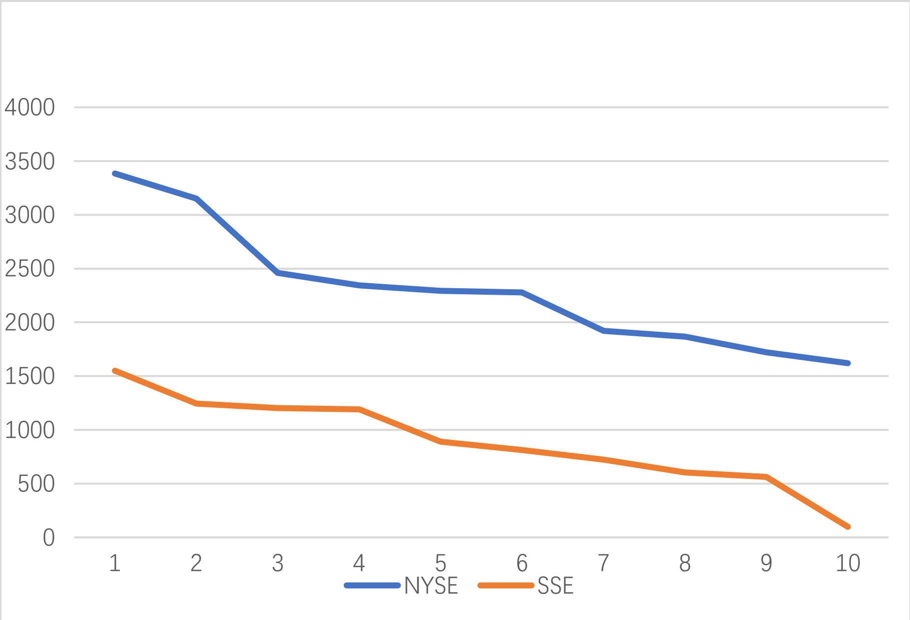
Source: https://www.value.today/nyse-top-companies

Table 4.4 Top 10 companies by market capitalization in SSE 2019(billion)

Range	Name	Market capitalization
1	ICBC	1550.2702221
2	China petroleum	1245.1807784
3	Agricultural bank of china	1203.5506746
4	Guizhou Maotai	1190.8629524
5	Ping An	888.6034688
6	China bank	813.5548873
7	China merchants bank	723.4570811
8	China life insurance	605.3400171
9	Sinopec	563.7908492
10	Industrial bank	398.4489786

Source: SSE

Chart 4.3: market capitalization of NYSE and SSE



According to the table 4.3 and 4.4, and chart 4.3, we can see that the biggest market capitalization company in NYSE is higher than the company in SSE, and about double.

And the largest market capitalization company in SSE is lower than the smallest market capitalization company in NYSE. Based on these data, it's obviously that NYSE is much bigger than SSE.

4.2 Difference in product

Stocks, bonds, mutual funds, exchange-traded funds (ETFs) and derivatives all trade on the NYSE. The exchange also offers electronic trading products, historical trading information, and order-execution products.

NYSE's product lines mainly include stocks, funds, fixed income products and derivatives. Stock exchanges on the New York Stock Exchange are active. According to statistics from the World Federation of Exchanges (WFE), in the first half of 2016, NYSE's stock turnover was 9.1 trillion US dollars, ranking first in the US. In terms of funds, the first ETPs were listed on the Arce market in the New York Stock Exchange in 2000. As of the end of September 2016, the assets of the NYSE market ETPs products exceeded US$2.2 trillion, accounting for 92% of the total ETPs in the US, much higher than the assets of the Nasdaq ETPs (US$0.17 trillion). In terms of bonds, there are mainly corporate bonds and structured bond products. Corporate bond products mainly include convertible bonds, corporate bonds, overseas issuer bonds, non-US dollar bonds, and zero-coupon bonds; structured bond products mainly include capital securities, compulsory convertible securities, and retail bond securities. The derivatives market consists mainly of NYSE AMEX options and NYSE Arce options, including stock options, index options, ETPs options, stock volatility options, index volatility options, and binary income derivative options (BYRDS).

Table 4.5 Equity market quality performance

Most market share and liquidity	24.5%
Most time quoting at best price	76.6%
Largest quote size at best price	47.9%
Narrowest quoted spread	15.7bps

Source: NYSE

Table 4.6 classification of NYSE products

Equities	
options	Equity options
	Index options
	ETP options
	FLEX and LEAPS
Exchange traded products	Exchange traded funds
	Exchange-traded vehicles
	Exchange-traded notes
	Closed-end funds
bonds	Convertible bonds
	Corporate bonds
	Foreign
	Foreign issuer-US
	Non-US currency denominated
	Zero coupon

Source: NYSE

The trading products of shanghai stock exchange including stock and trust certificates, funds and bonds.

The Shanghai Stock Exchange initially formed a product system covering stocks, derivatives, funds and bonds, but the scale of the product was not balanced. Stocks mainly include common stocks and preferred stocks. Bonds mainly include government bonds, local government bonds, corporate bonds, corporate bonds, convertible bonds, ABS and other stocks, bond pledges and bond pledge agreements. Fund products mainly include ETFs, redemption funds, closed-end funds, and LOF. Among them, ETFs include stocks, bonds, currencies, gold, and cross-border ETFs. Derivatives have only 50 ETF options for one product. As of the end of October 2016, on the Exchange has a total of 1189 common stocks (1,137 A shares and 52 B shares) with a total market capitalization of RMB 28 trillion and 23 preferred stocks. There were 2,096 listed corporate bonds, 1,246 corporate bonds, 1312 local government bonds, 180 national debts, and 9 convertible bonds. The total amount of bonds held was 5.7 trillion yuan, with a cumulative turnover of 190 trillion yuan. The total number of listed funds was 156, with a total market value of 422.7 billion yuan. The accumulated turnover was 421.1 billion yuan, of which the total market value of ETFs was 161.6 billion yuan and the closed-end fund was 17 billion yuan. SSE 50 ETF options accumulated 330 listed trading contracts, with a cumulative contract volume of 59.24 million, and a face value of 1.3 trillion yuan.

Nowadays, there are many connects of the ETF. First is the China- Japan link up. Japan and China signed an agreement for a program that will make it easier for investors to buy exchange-traded funds listed in each other’s markets.

Under the program, a Japanese or Chinese firm would create an ETF that mainly invests in the other country’s listed ETFs, the Japan Exchange Group Inc. and Shanghai Stock Exchange said in a joint statement on Monday. Nomura’s asset management unit will partner with China Asset Management to participate in the project, Nomura Holdings Inc. said separately.

Second is the Shanghai-London connect. Huluntong refers to the mechanism for the interconnection between the Shanghai Stock Exchange and the London Stock Exchange. Eligible two-listed companies can issue depositary receipts (DR) and trade on the other side of the market. The so-called "Huluntong" refers to the interconnection between the Shanghai Stock Exchange and the London Stock Exchange. An industry expert told the Shanghai Securities Journal that “Shanghai-Hong Kong Stock Connect” solved the problem of RMB output and return under the securities investment. The logic of "Huluntong" is also: the RMB is exported to the offshore market in London, and the London renminbi is returned to Shanghai, while the carrier is Shanghai stocks and stocks. Compared with the "Shanghai-Hong Kong Stock Connect", "Huluntong" has a larger volume and a larger imagination.

Regarding the opening of the financial services industry, Tu Guangshao said that Shanghai intends to separately study and formulate a negative list of financial services industry to promote the expansion of the financial services industry to eligible private capital and foreign institutions. At the same time, actively cooperate with the national financial management department to explore the use of negative inventory management mode, streamline examination and approval matters, and optimize regulatory functions.

Third is the Shanghai-HK connect. Shanghai-Hong Kong Stock Connect refers to the Shanghai Stock Exchange and the Hong Kong Stock Exchange that allow investors from both places to buy and sell stocks listed on the other side of the exchange within the prescribed range through local securities companies (or brokers). It is a trading interconnection mechanism between the Shanghai and Hong Kong stock markets. Shanghai-Hong Kong Stock Connect includes two parts: Shanghai Stock Connect and Hong Kong Stock Connect. One is Shanghai Stock Connect means that the investor entrusts a Hong Kong broker to declare to the Shanghai Stock Exchange (transfer order) through the securities trading service company established by the Hong Kong Stock Exchange, and to buy and sell shares listed on the Shanghai Stock Exchange within the scope of the sale and purchase. And another one is Hong Kong Stock Connect refers to investors who entrust mainland securities companies to declare (transfer orders) to the Hong Kong Stock Exchange via the securities trading service company established by the Shanghai Stock Exchange, and to buy and sell stocks listed on the Hong Kong Stock Exchange within the scope of the sale.

Table 4.7 Classification of SSE

Stock and trust certificates	A share
	B share
	C share
funds	Close-end funds
	Innovative closed-end fund
	Open-end fund
	Exchange-traded fund
bonds	National debt
	Local debt
	Policy bank finance bonds
	Corporate bonds
	business bonds
	Convertible corporate bonds
	Convertible corporate bonds
	Exchangeable bonds
	separable bonds
	Asset-backed securities (ABS)
	Bond Fund
	bond repo transactions

Source: SSE

As we can see the New York Stock Exchange don't classify stock but shanghai stock exchange divides stock into A share and B share, which is more suitable for Chinese stock market. However, foreign individual investor can't participant in A share market after 2003 only sever foreign institution investors have the QFII right to invested in A share. And B share market stay in a downturn period since 1999.

Compared with the NYSE, the scale of the Shanghai Stock Exchange the structure needs to be improved, and there are scale patterns of "large stocks, medium bonds, small funds and micro-derivatives". At the same time, in each of the major categories of products, the types of sub-products need to be enriched, especially stock derivatives, with only 50 ETF options for one product.

4.3 Composite index

Indexes are the weathervanes of the market, and now indexes also influence the index products, which make the stock market into a bilateral market. New York Stock exchange and shanghai stock exchange have different index to guide the investment operate in their exchange. In New York stock exchange it has NYSE composite index. And in SSE, it has SSE composite index. And the data you can find in annexes 4.

Chart 4.4: Composite index between NYSE and SSE

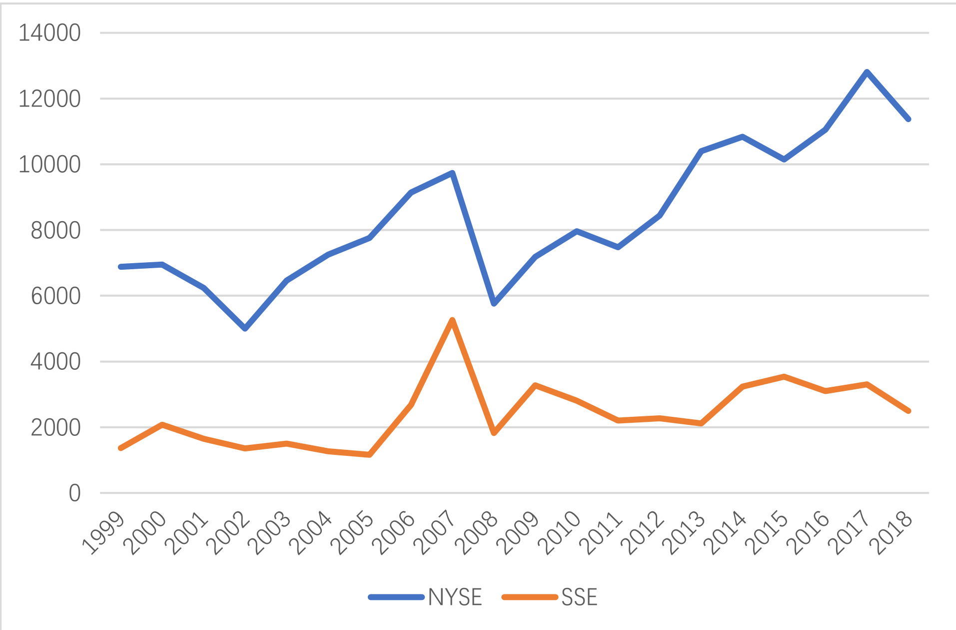


Table 4.8: The regression analysis of the NYSE and SSE composite index

Regression analysis	
SUMMARY OUTPUT	
Multiple R	0.61392271
R Square	0.37690109
Adjusted R Square	0.34228449
Standard error	1728.3105
observations	20

Variance analysis					
	df	SS	MS	F	Significance F
Regression analysis	1	32522689.1	32522689.1	10.8878696	0.00398414
residual	18	53767029.4	2987057.19		
total	19	86289718.4			

	Coefficients	Standard error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	5309.12871	1025.4705	5.17726129	0.00006336	3154.695139	7463.562272
X Variable 1	5309.12871	0.391902	3.29967719	0.00398414	0.469794545	2.11650505654

According to the regression analysis, we can get a regression equation: Y=5309.12871+5309.12871*X. Because the value of P is lower than 1, so we can know that x has a great influence on Y, which means NYSE and SSE is influence each other deeply.

From the chart we can see that NYSE composite index is higher than SSE composite index, about double. So, as we know NYSE has better trade condition than SSE. As the result of NYSE has longer history and better market environment. However, we also can see that the fluctuation of the two index is similar. During 2005-2007 both NYSE composite index and SSE composite index have drastic rise, because during this time the world economy presented false prosperity, and until 2008, they are all suddenly drop, as the result of economic crisis.

In addition, we can see that the gap between NYSE composite index and SSE index is getting bigger and bigger. It reminds us that we should find problems and make appropriate reform.

4.4 The transaction

The transaction is the most important part of stock exchange. New York stock exchange and Shanghai stock exchange have many differences.

Table 4.9 Top 10 most traded stocks by turnover volume in SSE 2019

Rank	name	Volume
1	Industrial rich union	685818.16
2	Dongfang Electric	344548.64
3	Ping An	335451.38
4	Zhongtian Technology	318803.4
5	All diesel power	311494.53
6	Guizhou Industrial of Platinum	270467.26
7	CITIC securities	258589.15
8	China Heavy Industry	253515.97
9	China ship	253192.84
10	Hengtong Optoelectronics	239147.31

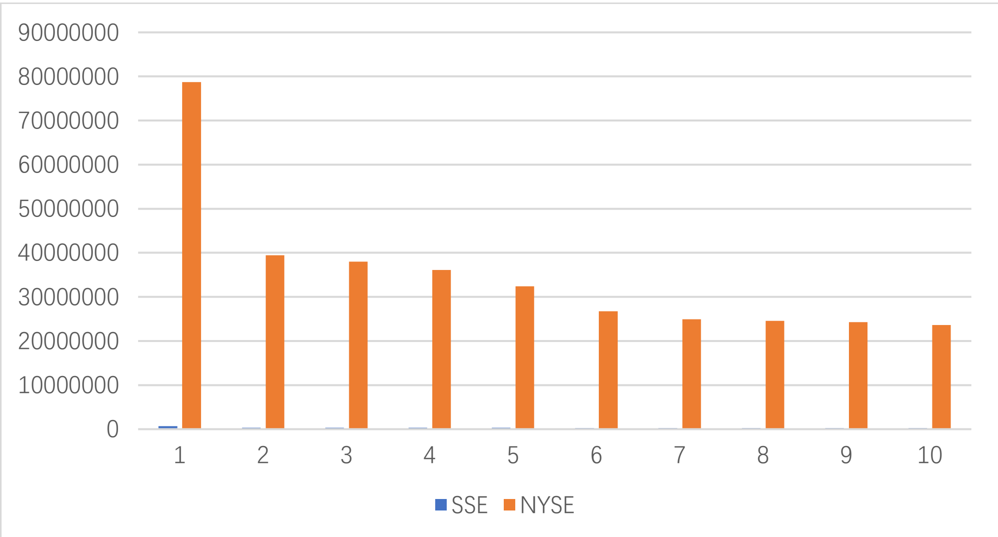
Source: SSE

Table 4.10 Top 10 most traded stocks by turnover volume in NYSE 2019

Rank	name	volume
1	Pinterest (PINS)	78699352
2	Bank of America (BAC)	39471945
3	Pfizer (PFE)	38005037
4	General Electric (GE)	36113478
5	Chesapeake Energy (CHK)	32374938
6	NIO ADR (NIO)	26736418
7	Rite Aid (RAD)	24917596
8	Southwestern Energy (SWN)	24534554
9	Blackstone Group (BX)	24307656
10	Merck & Co (MRK)	23636163

Source: http://www.wsj.com/mdc/public/page/2_3021-activnyse-actives.html

Chart 4.5: Top 10 most traded stocks by turnover volume in NYSE and SSE



Compare the SSE and NYSE TOP 10 most traded stock by turnover volume, we can see that NYSE is higher than SSE. And the gap of the NYSE and SSE is very deep. So, we known that NYSE is better than SSE. Because NYSE has longer history and has more complete mechanism.

4.5 Summary

The benchmark results of the macroeconomic environment show that compared with the NYSE, the next five to ten years will be an important strategic opportunity for the Shanghai Stock Exchange to achieve catch-up development.

NYSE has more than 300 history and it already become the largest stock exchange in the word but shanghai stock exchange only have 22-year history. With the continuous expansion of China's macroeconomic aggregates and the continuous optimization of the industrial structure of the national economy, many new economies represented by new industries, new technologies, new formats, and new business models will continue to emerge. The rapid development of the new economy is expected to bring many high-quality listed resources to the Shanghai Stock Exchange in terms of IPO. It is expected to inject new growth momentum into the listed companies of the Shanghai Stock Exchange in terms of stocks. The Shanghai Stock Exchange has a broad development space and huge growth potential.

According to the products, we can know that NYSE is more comprehensive than Shanghai stock exchange. Shanghai stock exchange don’t have futures, options, and swaps. In this aspect, shanghai stock exchange is not enough, it can’t compare with NYSE.

SSE and NYSE have different index to guide their investment operate. Compare the two different index we can find that New York stock exchange is much higher than shanghai stock exchange. In other words, shanghai stock exchange should improve itself to offer more information and opportunities to investors.

The finally is the transactions. The transaction of shanghai stock exchange is much more than New York stock exchange. It shows that Chinese stock market investors prefer short term investment. Moreover, Chinese stock market investors lack of knowledge and immature.

5. Conclusion

In this thesis, passing by compare Chinese stock market and US stock market, I think the development of US stock market can provide many beneficial inspirations. After more than 30 years of great practice of reform and opening, China's economy has achieved cross-border growth, with the economic aggregate ranking second in the world. However, compared with the US, the world's largest economy, the operational efficiency and quality of China's economy have yet to be improved. There is still no benign interaction between the virtual economy and the real economy, especially in terms of effectively serving the real economy. There is still a big shortcoming in China's capital market.

The first is to further improve the stock market supervision system. Strengthen the construction of the integrity system of listed companies, improve the timeliness and accuracy of information disclosure, and crack down on financial fraud and false information disclosure. Simplify the delisting process and strictly implement the delisting system. Increase the punishment for manipulating stock prices and crack down on speculation.

The second is to gradually optimize the investor structure. Advocate the concept of value investment and rational investment behavior and continue to strengthen the risk awareness education for retail investors. Strengthen institutional investors and relax the restrictions on the proportion of institutional investors such as social security funds and insurance companies. Gradually expand the scale of QFI quotas, accelerate the process of A-shares to be included in the MSCI index, further expand the interconnection mechanism arrangement based on Huluntong, and increase the scale of investment by A-shares by international institutional investors. Promote the driving force of stock market volatility from valuation drive to performance-driven conversion.

The third is to build a multi-level capital market. It is recommended that the registration system be implemented at the time of the launch of the Science and Technology Edition. The requirements for the profitability of listed companies are changed from the current domestic stock market to post-tax profit to pre-tax income, to encourage the listing of innovative technology companies, to optimize the industrial structure of listed companies in China's stock market, to improve the multi-level capital market system, and to make capital market financing. Can better match different types of enterprises and enterprises at different stages of development.

The fourth is to improve the quality of listed companies. The quality of listed companies is the cornerstone of the development of the capital market. Although China's economic growth rate is high, there is still a gap between the profitability and development quality of listed companies and the United States. It is necessary to actively guide listed companies to become stronger and better when they are large listed companies. They will not only become domestic first-class enterprises, but also become global competitive enterprises, thus laying a solid foundation for the healthy development and stable operation of China's capital market.

The fifth is to increase opening and cooperation. Expand the scale of Shanghai-Hong Kong Stock Connect, realize Huluntong as soon as possible, strengthen the cooperation between domestic exchanges and major world exchanges, expand the channels and scale of foreign investors' participation in domestic stock exchanges, and improve the trading mechanism and supervision level of Shanghai and Shenzhen Stock Exchanges.

Biography

Book

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[14]http://www.hkex.com.hk/chi/index_c.htm

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List of Abbreviations

Abbreviations

SEC: U.S Security and Exchange Commission
IPO: Initial public offering
SSE: Shanghai stock exchange
NYSE: New York stock exchange
FTE: Full time employee
ETP: Exchange traded products
WFE: The world foundation of exchange
AMEX: American express
LOF: Listed Open-Ended Fund
QFIT: Quantitative Faucal Immunochemical Test
NASDAQ: National Association of Securities Dealers Quotations

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Declaration of Utilization of Result from a Bachelor Thesis

Herewith I declare that

- I am informed that Act No. 121/2000 Coll. — the Copyright Act, in particular, Section 35 — Utilization of the Work as a Part of Civil and Religious Ceremonies, as a Part of School Performances and the Utilization of a School Work — and Section 60 — School Work, fully applies to my diploma (bachelor) thesis;
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- I agree that the diploma (bachelor) thesis shall be archived in the electronic form in VSB-TUO's Central Library. I agree that the bibliographic information about the diploma (bachelor) thesis shall be published in VSB-TUO's information system;
- It was agreed that, in case of VSB-TUO's interest, I shall enter into a license agreement with VSB-TUO, granting the authorization to utilize the work in the scope of Section 12(4) of the Copyright Act;
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Ostrava dated 01.05.2019

Fangge Lin

Student's name and surname

List of Annexes

Annexes 1: The department of SEC

Corporate Finance Department	It mainly supervises the financial reports submitted by listed companies and ensures that the information disclosed by them is correct and there is no fraud. Reports submitted by listed companies according to law include annual report financial statements (10-K), quarterly financial statements (10-Q) and information disclosure of major events. After the SEC has passed the review, it will be kept in the public electronic database EDGAR.
Investment Management Department	Responsible for formulating the rules of the game for managing the investment industry. The department primarily oversees investment advisors and investment companies.
Market Supervision Department	Responsible for formulating trading rules for the securities industry. This includes assessing the actual utility of current regulations, developing industry regulations, proposing regulatory amendments, and overseeing securities industry practitioners. The department mainly overseas exchanges, clearing houses and brokerage firms.
Executive Department	Work closely with the above three

	departments to investigate violations of securities laws and take legal action. Since the department has only civil enforcement rights, when a criminal case is involved, the department must work with the Federal Bureau of Investigation (FBI) or the local police.

Annexes 2: The difference between Chinese stock market and US stock market trading mechanism

	Chinese stock market	US stock market
trading hours (Beijing time)	9:15 —— 9:25	10:30 pm to 5:00(winter) 9:30 pm to 4 am(summer)
transaction code	numbering	English abbreviation
trading units	hand-based, with 100 shares per lot	no limit, you can buy only one share.
account opening procedures	Opening an account and separately establishing a securities account and a fund account, only two accounts are open to trade securities.	Buying and selling US stocks only requires opening a securities account. This security account also has the function of a bank account. If you deposit money into this account but do not purchase stocks, the broker will pay you interest, but you must deduct 10% of the tax. If you want to avoid tax, you can choose to automatically transfer the short-term fund, and the broker will profit from the

		operation.
Transaction fee	based on the "transaction amount"	based on the "number of transactions", and varies from broker to broker
Transaction system	T+1 system	T+0 system
Financing system	In the Chinese market, only some of the financing targets can be financed, and the requirements for opening financing are relatively high. The current standard is t-1 trading days, the top 20 On the trading day, the average daily financial assets reached more than 500,000 yuan	US stocks can be financed. The financing limit is double the total value of your assets, and there is no limit on the number of grades.
Short selling mechanism	China's stock market short-selling mechanism is relatively scarce. Although there are methods such as stock index futures, over-the-counter options, and securities lending transactions, it is still at the stage of	In the US, because the short-selling mechanism is relatively rich, if the stock market is judged correctly, even in the bear market can make money. And because no stock can be short in the hands, the difficulty of the dealer to control the stock

	exploration, and most investors are mainly doing more. In this case, the stock price is easy to deviate from its actual value, and the price-earnings ratio is high	price has never been greater.

Annexes 3: Comparison number of listed companies in NYSE and SSE

Year	NYSE	SSE
2000	2862	572
2001	2798	646
2002	2783	715
2003	2591	780
2004	2642	837
2005	2707	834
2006	2764	842
2007	2805	860
2008	3507	864
2009	3237	870
2010	3216	894
2011	3217	931
2012	3236	954
2013	3254	953
2014	3302	995
2015	3260	1081
2016	3170	1182
2017	3148	1396

Annexes 4: Composite index between NYSE and SSE (1999-2018)

year	NYSE	SSE
1999	6876.1	1366.58
2000	6945.57	2073.48
2001	6236.39	1645.97
2002	5000	1357.65
2003	6465	1497.04
2004	7253.73	1266.50
2005	7761.491	1161.06
2006	9139.02	2675.47
2007	9740.32	5261.56
2008	5757.05	1820.81
2009	7184.96	3277.14
2010	7964.02.	2808.08
2011	7477.03	2199.42
2012	8443.51	2269.13
2013	10400.32	2115.98
2014	10839.24	3234.68
2015	10143.42	3539.18
2016	11056.90	3103.64
2017	12808.84	3307.17
2018	11374.39	2493.90