

In the News

O'Melveny's Li Quoted in *The Deal Pipeline* on Foreign Ownership of Chinese Securities Joint Ventures

May 7, 2012



O'Melveny & Myers LLP partner Qiang Li is quoted in *The Deal Pipeline's* May 4, 2012, article, "China to liberalize foreign ownership of securities joint ventures." The article discusses China's recent confirmation that it will lift the limit on foreign institutions' ownership of local securities joint ventures and observes that this may boost the ventures' share of stock and bond underwriting still dominated by Chinese institutions. According to a joint statement by Chinese and US officials, foreign investors will now be able to hold 49% of local securities joint ventures, up from a current threshold of 33%.

"The Western system has its own problems that might manifest themselves once every few decades, but Chinese regulators as well as Chinese investors have come to the realization that the Chinese system will not do the trick for China to create an efficient market-driven capital market," said Li, who is a member of O'Melveny's Mergers and Acquisitions Practice and resides in the Firm's Shanghai office. With the recent change, Li believes that foreign parties to the joint ventures will actively seek to expand their role. "If you have 33% there is not a whole lot you can do to influence the organization," he said. "You are a passive investor. That is not what regulators want in order to promote international best practice."