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COMPARISON OF CHINA US SECURITIES MARKETS

The traditional securities market system is undergoing transformation. After more than 400 years of development, the global economy has entered a diversified development trend, and the global securities market system is also constantly improving. However, the financial crisis caused by the epidemic has had a huge impact and losses on domestic and foreign securities markets, highlighting the shortcomings of the traditional securities market system and further promoting the transformation of the modern securities market system. Therefore, studying the regulatory and information disclosure systems of domestic and foreign securities markets, and comparing and summarizing the systems of China and the United States, will help to identify the shortcomings of the securities systems of both countries and provide objective suggestions.

Keywords: *Securities market, market regulation, stocks market*

History of Chinese and American Securities

The history of stock trading in the United States is rooted in its early economic development, particularly the New York Stock Exchange (NYSE). Since its inception in 1792, the NYSE has weathered many economic crises, technological changes and market adjustments, but has always maintained its global leadership position. It has not only witnessed the transformation of the United States from an agrarian economy to an industrial economy and now to an information economy, but has also played a key role in capital gathering and allocation in the process. In addition, NYSE has had a profound impact on other stock markets around the world, especially in terms of trading rules, technology application and regulatory models.

In comparison, China's capital market started late. However, since the establishment of the Shanghai Stock Exchange and the Shenzhen Stock Exchange in the early 1990s, the two exchanges have made remarkable progress in a short period of time. Thanks to China's rapid economic growth and the country's reform and opening-up policy, they have quickly attracted a large number of domestic and foreign listed companies and investors [1]. Particularly in terms of technological innovation, product diversification and interconnection with international markets, both the Shanghai and Shenzhen exchanges have demonstrated strong competitiveness and innovation, making China's capital markets gradually emerge as key players in the international financial arena that cannot be ignored.

Size of the US and Chinese securities markets

The U.S. securities market, with its deep history and global leadership, has long been a global leader in terms of total market capitalisation and trading volume. The U.S. has a large number of listed companies, including many globally recognised large corporations and technology giants such as Apple, Google and Amazon. The well-developed financial system and sound legal system of the United States, coupled with the transparency and liquidity of its capital market, have provided a solid foundation for the sound development of its securities market. In addition, diversified financial products, innovative trading mechanisms and a wide range of institutional and retail investors have made the U.S. securities market a major gathering place for global capital. In Asia, however, China's securities market has shown impressive growth in a relatively short period of time. Beginning in the early 1990s, China's securities market has come into its own along with the country's economic reforms and opening up [2]. The A-share market, in particular, has not only seen significant growth in the number of listed companies over the past few years, but also many large Chinese state-owned and private companies have landed on the A-share market. With the deepening of financial reforms, the liberalisation of market access and the increased interest of foreign investors in A-shares, the liquidity and total market capitalisation of China's securities market have been significantly enhanced. This has not only strengthened China's position in the global financial arena, but also provided more investment opportunities for both domestic and foreign investors.

The Chinese securities market has witnessed notable expansion recently. As highlighted in table, the A-share market in China currently boasts a total market capitalization of approximately 87.75 trillion Chinese yuan (equivalent to 12.5 trillion US dollars). When compared to figures from 2020, there's an increase of 12.95 %, propelling it to be the second-largest securities market in the world. Furthermore, the Chinese stock market sees vast amounts of daily transactions, with turnovers frequently hitting the trillion-yuan mark.

On the other hand, the US securities market is globally recognized for its immense market capitalization and brisk trading activity. Data from table 1 indicates that after a significant growth of 69 % in 2021 from 2020, there was a subsequent 26 % increase in 2022. This surge led the total market capitalization of the US stock market to surpass 86.95 trillion US dollars, solidifying its position as the world's premier stock market. In terms of daily activity, US exchanges record the trading of billions of shares.

China und US Share Market

Year	China A-Share Market (in trillion CNY)	US Share Market (in trillion USD)
2020	77.69	40.72
2021	92	68.9
2022	87.75	86.95

Differences in market size

It is clear from the data that there is a significant difference in size between the Chinese A-share market and the US stock market. The overall size of the Chinese A-share market is larger than the U.S. stock market over the time period provided. This shows the rapid growth of the Chinese economy and the booming capital markets. The U.S. market, on the other hand, although smaller in absolute terms, is growing rapidly, especially in 2021 and 2022. China's A-share market peaks in 2021 and then declines in 2022, which may be related to changes in domestic and international economic conditions, policy adjustments and global capital flows. The United States stock market, on the other hand, continued to grow during this period, likely fuelled by the monetary easing and fiscal stimulus measures taken by the United States Government during the epidemic.

Differences in market mechanisms and investment environments

China's capital market, despite having achieved remarkable development, is still in a phase of continuous improvement and adjustment. China's rapid economic growth over the past few decades has been accompanied by the rise of its capital market, but due to its historical and institutional background, its market structure, regulatory system and operational mechanisms are significantly different from those of developed Western countries. For example, the IPO process, delisting system and disclosure standards of China's capital market are constantly being adjusted to better suit market development and international standards.

By contrast, the United States capital market has been in development for more than a century. During this long period, the United States capital market has gone through various economic cycles, from the Great Depression to the financial crisis, and the market has stood the test of time. As a result, its market mechanism, trading rules and regulatory system are more mature and stable. The United States capital market has attracted not only a large number of domestic investors, but also global investors, making it the largest and most active capital market in the world.

The differences in the mechanisms and environments of these two markets have a profound impact on investor decision-making. In a more mature and open market, investors may place more emphasis on market transparency, liquidity and risk management. In a developing and improving market, investors may focus more on the market's growth potential and policy dividends [3, p. 220]. Such differences lead to different characteristics of capital flows: for example, the US market attracts more long-term and stable capital, while the Chinese market may be more favoured by short-term and speculative capital.

Future prospects

While past data has provided valuable insights, future market developments remain uncertain. As the world's largest economies, the movements of the capital markets of China and the United States will be affected by a variety of factors, including the relationship between the two countries, the global economic climate, technological innovation and policy adjustments.

In summary, the comparison between China and the US stock market can be summarized in the following aspects:

Market size: The U.S. stock market is one of the largest stock markets in the world, with a large number of listed companies and investors. The Chinese stock market is also growing and is the second largest stock market in the world.

Regulation and system: The regulatory system of the U.S. stock market is relatively mature, with better investor protection and strict listing audit and information disclosure requirements. China's stock market regulatory system is also improving and strengthening, but in some areas there is still room for improvement.

Investor structure: The investor structure of the U.S. stock market is relatively diversified, including individual investors, institutional investors and foreign investors. The proportion of individual investors in the Chinese stock market is relatively high, while the influence of institutional investors is gradually increasing.

Valuation level: The valuation level of the U.S. stock market is relatively high, and the price-to-earnings ratios of some technology and growth stocks are high. China's stock market valuation level is relatively low, some value stocks have more investment opportunities.

Sector structure: The U.S. stock market has a relatively mature sector structure, including technology, financial and healthcare. China's stock market is also developing rapidly and has a diversified industry structure, with sectors such as technology, consumer goods and financial services playing an important role. The development trends and future outlook of the securities markets of both China and the United States deserve our close attention. Not only because they have a direct impact on global capital flows, but also because they represent, to a large extent, the health and growth potential of the two countries and the global economy.

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