

## Singapore bourse not 'world-class' yet: NUS don



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BY ANGELA TENG - MARCH 30

SINGAPORE — The Singapore Exchange (SGX) is not a world-class stock market yet, said Professor of Finance David Reeb of the National University of Singapore (NUS) Business School, as the bourse meets only two out of the four criteria he uses to measure performance.

The four criteria for exchange success are market capitalisation, percentage of foreign firms, number of initial public offerings (IPOs) and capitalisation as a percentage of gross domestic product (GDP) of the country, said Professor Reeb at the 'Building a World-Class Stock Exchange' event organised by the NUS Business School today (March 30).

Market capitalisation and the small number of IPOs are where the Singapore bourse falls short, he said.

"When you look at Singapore, on two of the measures on how you measure performance, Singapore is at a lower ranking compared to other markets ... There is definitely room to grow. The attraction of Malaysian, Indonesian, Bangladeshi, Thai, Filipino firms will be the real opportunity for Singapore in the next 25 years," he added.

Companies on the SGX had a total market capitalisation of S\$998 billion at the end of last year, or roughly a third of the value of those listed in Hong Kong and a quarter of those listed in Shanghai. This ranked the SGX 19th in Professor Reeb's list of 25 markets, with the New York Stock Exchange (NYSE) and NASDAQ OMX taking the top two spots.

In terms of the number of IPOs, the SGX ranked 14th place out of 22 markets, with the NASDAQ taking first place and the London Stock Exchange at second. Singapore has to attract more IPOs and firms in the region to list with the bourse in order to be considered world-class, said Professor Reeb, whose research has been published in prominent newspapers such as *The Economist*, *The Wall Street Journal*, and *the Financial Times*.

"The number one factor to make the market much better here is to attract more IPOs ... to allow some mechanism for firms in the surrounding countries to list here without them having the fear of losing control of their firms," he said.

The SGX scored well on the other two measures, ranking 5th out of 19 markets in terms of market capitalization as a percentage of GDP, lagging behind just Hong Kong, Switzerland, South Africa and Malaysia. It ranked 3rd among 25 markets for the percentage of foreign firms, behind the Luxembourg Stock Exchange and Bermuda Stock Exchange.