

Company Listings

Extractive Sector Companies Listed on Global Stock Exchanges Revisited

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Summary

As countries develop laws and regulations requiring oil, gas and mining companies to disclose key financial data on a country by country basis, Revenue Watch has researched 35 global stock exchanges to document the significance of these companies in global financial markets.

Our research shows the importance of the Toronto, Australia, Shanghai, Brazilian, and Johannesburg markets, and the potential impact if regulators there were to introduce disclosure regulations similar to those already introduced or under consideration by the United States, Hong Kong and the European Union.

Introduction

In many developing countries, natural resources account for the largest share of exports and revenue, and thus are also the greatest potential vehicle for development. However, resource wealth can often bring an interrelated set of problems that can actually hinder development. Resource wealth can slow the growth of other industries in a country, and secrecy regarding company payments to governments can enable large-scale embezzlement and corruption.

In July 2010, the United States took an historic step toward addressing these issues by passing the Dodd-Frank Financial Reform Act. It requires companies engaged in oil, gas and mining activities and registered with the U.S. Securities and Exchange Commission to publicly disclose any payments they make to governments, country by country and project by project. Recognizing the power of such regulations, other jurisdictions throughout the world are now developing similar or expanded legislative proposals. The Publish What You Pay coalition is campaigning for transparency rules to be adopted by all capital markets.¹

Revenue Watch has researched 35 global stock exchanges—including the 31 largest stock exchanges outside of the United States by market capitalization and those known to have significant extractive sector activity—to identify publicly traded oil, gas and mining companies worldwide. This research documents the capital levels of extractive sector companies in developed, BRICS (Brazil, Russia, India, China and South Africa) and other key markets. It provides a global snapshot of extractive sector public capital, showing the significance of the sector in these financial markets and which extractive companies will be covered by SEC regulations.² This updated briefing represents follow-up research using data from August 2011. It includes additional information for some exchanges and updated calculations to account for the cross-listing of companies across

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Briefing

multiple exchanges. In many cases, exchanges list a company’s global market capitalization regardless of whether they are the “primary exchange” for that stock.³

Global market value and numbers of listed companies

The non-U.S. exchanges examined represent 4.16 trillion euros in market value of extractive industries, while the U.S. exchanges represent 2.01 trillion euros.

Of this 4.16 trillion non-U.S. capitalization, 889 billion euros are in the euro zone, and 3.27 trillion are in other global markets. The largest exchanges are the Deutsche Borse Frankfurt with 11.1% of global market cap, The TSX Toronto with 10.08%, and the London SE Group (representing both the London Stock Exchange and the Italian Borsa) with 9.27%. The Australian exchange represents 4.96% of global public extractive capital. See *Figure 1*.

The Deutsche Borse in Frankfurt has the largest number of extractive companies listed on exchange, at 2,083, while the Australian Exchange has 1,041 extractive companies listed, many of whom operate in Africa. The Toronto Stock Exchange has 543 listed companies, while the London Stock Exchange group has 363. In the U.S., there are 503 extractive companies listed on the major exchanges. See *Figure 2*.

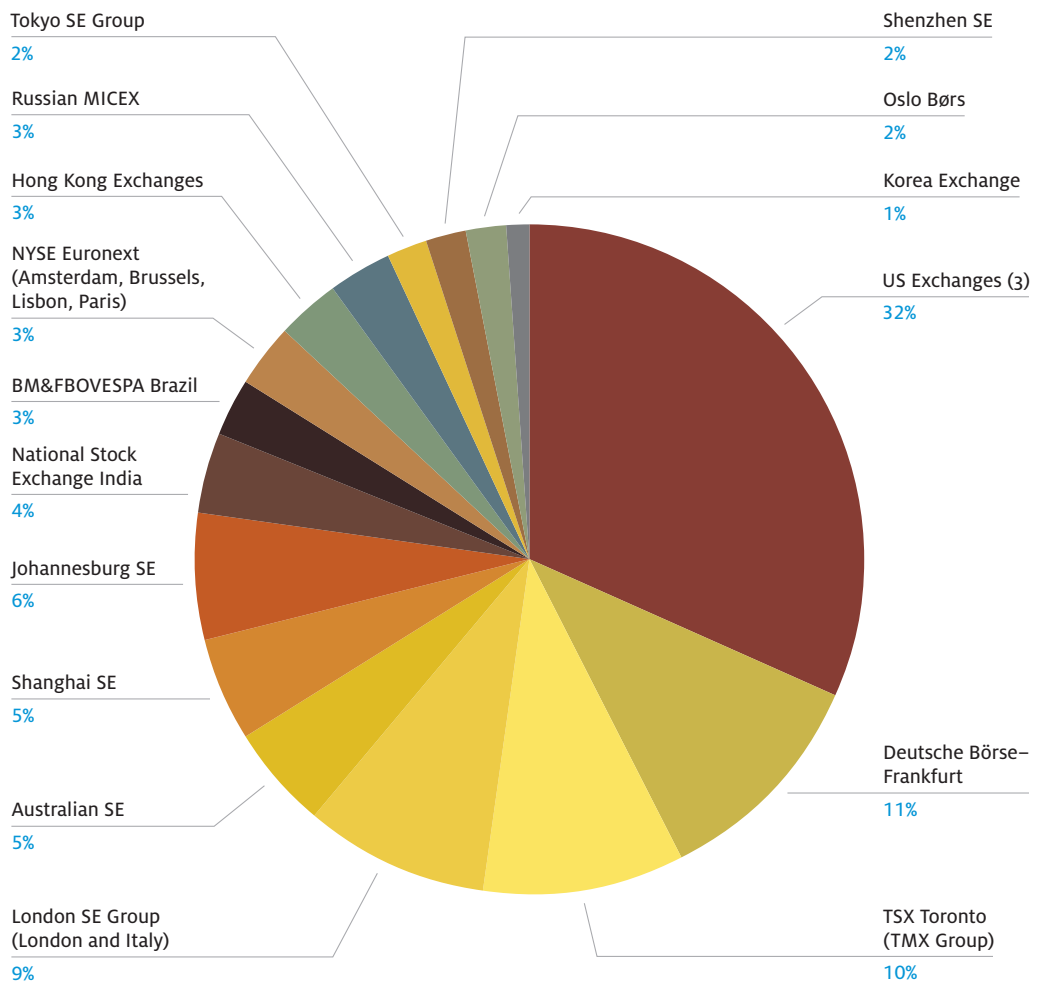


Figure 1. Shares of Global Extractive Sector Value by Exchange

Source: World Federation of Exchanges, Bloomberg, exchange websites and Revenue Watch calculations (August 2011)

Exchange/Exchange Group	Total # of Listed Companies	Total # of Extractive Companies	Extractive Sector Market Cap, Euros	% of World Extractive Sector Market Cap
US Exchanges (3)	5030	503	2,018,375,209,241	32.67%
Deutsche Börse - Frankfurt	—	2,083	685,504,376,580	11.10%
TSX Toronto (TMX Group)	3894	543	622,869,565,957	10.08%
London SE Group (London and Italy)	2918	363	572,793,828,258	9.27%
Australian SE	2019	1,041	306,247,953,498	4.96%
Shanghai SE	921	86	298,392,538,544	4.83%
Johannesburg SE	400	75	264,348,302,430	6.35%
National Stock Exchange India	1615	153	259,610,594,442	4.20%
BM&FBOVESPA Brazil	377	91	205,798,329,760	3.33%
NYSE Euronext (Amsterdam, Brussels, Lisbon, Paris)	1133	88	168,325,990,704	2.72%
Hong Kong Exchanges	1463	104	166,376,624,938	2.69%
Russian MICEX	249	57	161,027,091,506	2.61%
Tokyo SE Group	2281	84	129,961,802,585	2.10%
Shenzhen SE	1352	79	105,353,392,128	1.71%
Oslo Børs	241	69	94,923,890,659	1.54%
Korea Exchange	1810	68	82,328,670,613	1.33%
NASDAQ OMX Nordic Exchanges (Copenhagen, Helsinki, Iceland, Stockholm, Tallinn, Riga, Vilnius)	768	40	19,178,857,054	0.31%
SIX Swiss Exchange	280	16	15,099,375,930	0.24%
Bombay SE	5086	133	1,607,604,436	0.03%
BME Spanish Exchanges (Madrid, Bilbao, Barcelona, Valencia)	3281	2	—	0.00%
<i>Sum of Non-U.S. Extractive Sector Market Capitalization:</i>			4,159,748,790,021	
Total extractive sector market capitalization:			6,178,123,999,262	

Figure 2.
Global Market Value and
Numbers of Listed Companies

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Exchanges with large shares of extractive sector activity

The extractive sector represents a significant share of market value in many stock exchanges. At the Oslo Børs exchange, 56 percent of overall market value is in the extractive sector. For the Johannesburg SE, the figure is 44 percent. For the Toronto TSX, extractive capital represents 42 percent of capital. The sector makes up 32 percent of capital on the Australian Exchange, 29 percent on the National Stock Exchange of India, and 25 percent on the Russian MICEX. See *Figure 3*.

Exchange/Exchange Group	Total Exchange Market Cap, Euros	Total Extractive Companies Market Cap, Euros	% of Exchange Value from Extractive Companies
Oslo Børs	169,940,041,015	94,923,890,659	55.86%
Johannesburg SE	602,978,658,356	264,348,302,430	43.84%
TSX Toronto	1,484,878,269,786	622,869,565,957	41.95%
Australian SE	950,598,858,749	306,247,953,498	32.22%
NSE India	903,876,541,157	259,610,594,442	28.72%
MICEX Russia	642,903,392,304	161,027,091,506	25.05%
London SE Group (London and Italy)	2,423,549,809,762	572,793,828,258	23.63%
BM&FBOVESPA Brazil	986,858,800,688	205,798,329,760	20.85%
US Exchanges (3)	11,414,711,851,092	2,018,375,209,241	17.68%
Shanghai SE	1,870,922,499,358	298,392,538,544	15.95%
Shenzhen SE	935,048,329,816	105,353,392,128	11.27%
Korean SE	767,095,386,248	82,328,670,613	10.73%
Hong Kong Ex	1,753,419,227,033	166,376,624,938	9.49%
NYSE Euronext (Amsterdam, Brussels, Lisbon, Paris)	1,948,525,840,173	168,325,990,704	8.64%
Tokyo SE	2,473,342,689,840	129,961,802,585	5.25%
NASDAQ OMX Nordic Exchanges (Copenhagen, æHelsinki, Iceland, Stockholm, Tallinn, Riga, Vilnius)	611,693,548,134	19,178,857,054	3.14%
SIX Swiss Exchange	860,379,380,648	15,099,375,930	1.75%
Bombay SE	925,237,135,022	1,607,604,436	0.17%
BME Spanish Exchanges	816,625,313,313	—	N.A.
Deutsche Börse (Frankfurt)	—	685,504,376,580	N.A.

Figure 3.
Exchanges with Large Shares
of Extractive Sector Activity

Source: World Federation of Exchanges, Bloomberg, exchange websites and Revenue Watch calculations (August 2011)

SEC regulation coverage of extractive industries listed on global exchanges

Many large extractive sector companies are listed on multiple global exchanges. We examined which companies on foreign exchanges are also listed on American exchanges and thus would be subject to the SEC regulations.

Some exchanges largely serve their home market, such as the Shanghai, Tokyo, Korea and Indian exchanges, and have few, if any, foreign companies listed. It may be that the listing requirements don't allow foreign companies (as in China), or that the listing process is arduous and requirements are unattractive to foreign companies. As a result, these exchanges have few companies affected by SEC rules. Four other exchanges with particularly large shares of extractive sector activity, the London Stock Exchange, the Toronto Stock Exchange, the Johannesburg Stock Exchange, and the Australian Stock Exchange, have between 20 percent and 1 percent company SEC coverage. See *Figure 4*.

Stock Exchange	Extractive Companies Market Cap, Euros	Total # of Extractive Companies	Total # of Extractive Companies Covered by SEC Rules	% of Companies Covered by SEC Rules
NYSE Euronext (Amsterdam, Brussels, Lisbon, Paris)	168,325,990,704	88	29	32.95%
SIX Swiss Exchange	15,099,375,930	16	5	31.25%
BM&FBOVESPA Brazil	205,798,329,760	91	27	29.67%
TSX Toronto	622,869,565,957	543	106	19.52%
Deutsche Börse (Frankfurt)	685,504,376,580	2,083	279	13.39%
Johannesburg SE	264,348,302,430	75	9	12.00%
NASDAQ OMX Nordic Exchanges (Copenhagen, Helsinki, Iceland, Stockholm, Tallinn, Riga, Vilnius)	19,178,857,054	40	3	7.50%
MICEX Russia	161,027,091,506	57	3	5.26%
Hong Kong Ex	166,376,624,938	104	5	4.81%
London SE Group (London and Italy)	572,793,828,258	363	17	4.68%
Oslo Børs	94,923,890,659	69	3	4.35%
Shanghai SE	298,392,538,544	86	2	2.33%
Australian SE	306,247,953,498	1,041	15	1.44%
Tokyo SE	129,961,802,585	84	1	1.19%
Bombay SE	1,607,604,436	133	0	0%
Korean SE	82,328,670,613	68	0	0%
NSE India	259,610,594,442	153	0	0%
Shenzhen SE	105,353,392,128	79	0	0%
BME Spanish Exchanges	—	2	0	N.A.

Figure 4.
SEC Regulation Coverage
of Extractive Industries
Listed on Global Exchanges

Conclusions and outlook

- Momentum is growing in many markets for requiring oil, gas and mining companies to disclose their key financial data on a country by country basis. The exchanges that have introduced or committed to introducing rules (such as in the United States, Hong Kong and European Union) represent a significant share of the market value of all extractive companies.⁴ Our research also shows the importance of the Toronto, Australia, Shanghai and Johannesburg markets, and the potential impact if regulators there were to join the United States, European Union and Hong Kong in introducing similar disclosure regulations.
- Regulations in the EU would cover about 22 percent of the global market of extractive companies. It is significant that the UK and French governments have announced their support for such rules, given their combined market share of 1.7 trillion euros, about 80 percent of total EU market value.⁵
- With the large number of extractive sector companies on the Toronto and Australian exchanges (473 and 904, respectively), the prompt adoption of new rules by these jurisdictions could have an immediate impact, particularly given the large number of these companies that operate in Africa.
- Rule changes in South Africa, where the Johannesburg exchange is Africa's largest and has significant extractive sector activity as well as a large number of African companies listed, will receive strong support from regional civil society groups already active on governance and economic justice issues.

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- The recent rule changes by the Hong Kong Exchange—where listings account for 10.4 percent of global extractive sector market value outside the United States—present opportunities to advocate new, national regulations in China.

For additional information, including details on companies listed on each stock exchange, go to <http://data.revenuewatch.org/listings/>.

ENDNOTES

- 1 Publish What You Pay (PWYP) is a global civil society network with more than 600 member groups in more than 50 resource-rich countries, including Nigeria, Angola, Cambodia and Kazakhstan. Members are united in their call for oil, gas and mining revenues to form the basis for development and improved conditions for ordinary citizens in these countries. See www.publishwhatyoupay.org.
- 2 Revenue Watch's research included the 31 largest non-U.S. stock exchanges by market capitalization, as ranked by the World Federation of Exchanges, as well as the Oslo Børs of Norway and the NYSE, NY AMEX and NASDAQ exchanges of the United States.
- 3 Data retrieved from Bloomberg, August 2, 2011. Overall exchange statistics from the World Federation of Exchanges year to date statistics for August 2011. Figures that are unreliable or unavailable are indicated by "N.A."
- 4 Reforms in these areas started in 2010. In the case of Hong Kong, the exchange implemented reforms in June 2010 requiring new applicant mineral companies to disclose "payments made to host-country governments." One month later, on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act became law in the United States. It law requires all oil, gas and mining companies listed on U.S. exchanges to report how much they pay to governments for those activities, via annual reports to the Securities and Exchange Commission: see <http://www.govtrack.us/congress/billtext.xpd?bill=h111-4173>.
Almost a year later, EU Commissioner for Internal Market and Services Michel Barnier said, "Transparency will start with the extractive and forestry industries by obliging our European companies, via a European law which I will present in June—a transparency directive. We will oblige the European companies who work in your countries or elsewhere in the world, to say what they do and who pays what to whom."
- 5 After the G20 Finance Minister's meeting on Feb. 20, 2011, British Chancellor George Osborne said: "Vince Cable and I will be arguing for an European agreement that matches the new standards just set in the U.S." And French President Nicolas Sarkozy wrote to musician Bono in January 2011: "I have decided to ask the European Union to adopt, as speedily as possible, legislation to compel industries in the extractive sector to disclose their payments to all countries in which they operate."



The Revenue Watch Institute promotes the effective, transparent and accountable management of oil, gas and mineral resources for the public good. Through capacity building, technical assistance, research, funding and advocacy, we help countries to realize the development benefits of their natural resource wealth.

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