

Company Listings

Extractive Sector Companies Listed on Global Stock Exchanges

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Summary

For many developing countries, natural resources account for a large share of exports and revenue, and represent an enormous potential engine for development. However, where good governance and transparency are lacking, resource wealth can fail to deliver the benefits it should, and can even hinder growth. Historically, the secrecy surrounding extractive industry transactions with governments has allowed large-scale corruption to flourish, and left citizens without access to critical information on the value of their natural resource assets.

In July 2010, the United States took an historic step toward addressing these issues by passing the Dodd-Frank Financial Reform Act. Section 1504 of the act requires all companies registered with the U.S. Securities and Exchange Commission engaged in the commercial development of oil, gas and minerals to publicly disclose the payments they make to governments, on a country-by-country and project-by-project basis. Section 1504 applies not only to American companies, but also to a large portion of major internationally operating oil, gas and mining companies.

With the entrance of U.S. regulations, mandatory standards requiring greater disclosure from oil, gas and mining companies have become a clearly emerging norm within the extractive industries. Both the Hong Kong Stock Exchange and the London Stock Exchange's AIM already require certain disclosures of newly listing oil, gas and mining companies. The Publish What You Pay coalition is campaigning for mandatory country-by-country transparency in all capital markets.¹ And the European Union, Canada and other jurisdictions are currently implementing or investigating new disclosure standards to require annual reporting from extractive industry companies along the lines of the U.S. law.

To support these efforts, Revenue Watch has researched the 35 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, the TSX Venture Exchange, the Canadian National Stock Exchange, and the NYSE, AMEX and NASDAQ exchanges in the U.S., in order to identify publicly traded oil, gas and mining companies worldwide.

This newest round of research documents the capital levels of extractive sector companies in OECD, BRICS (Brazil, Russia, India, China and South Africa) and other key markets, and adds two Canadian exchanges to the data set, bringing the total number of listed securities analyzed to 7,472.² It provides a global snapshot of extractive sector public capital, showing the significance

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Briefing

of the sector in these financial markets. In addition to this briefing, interested parties can explore the full data set online at <http://data.revenuewatch.org/listings>.

Global market value and numbers of listed companies

The extractive sector company securities in our researched stock exchanges represent a market capitalization of \$7.7 trillion. Of that \$7.7 trillion, the companies listed on the major American stock exchanges represent nearly \$4.4 trillion companies publicly listed on a U.S. exchange cover 57 percent of the global market capitalization in our data set. On U.S. exchanges, extractive company listings represent 36 percent of global sector value. *Figure 1* shows shares of global sector value by exchange, based on the value of companies whose primary listing is on that exchange.³

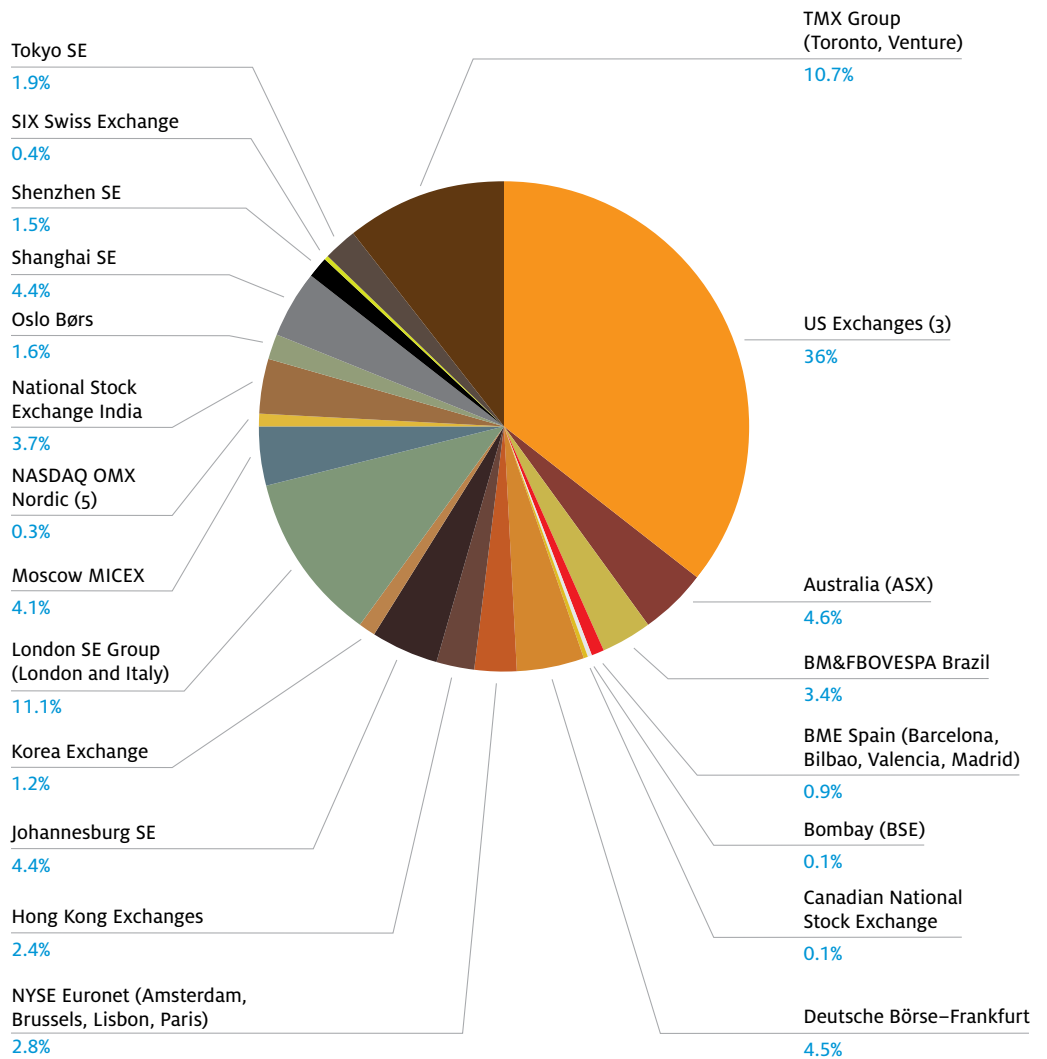


Figure 1. Shares of Global Extractive Sector Value by Exchange

Extractive sector company securities listed in the European Union represent 37 percent of the global market value. The Deutsche Borse in Frankfurt has the largest number of extractive companies listed on an exchange at 2,128.⁴ The London Stock Exchange group has 362 listed extractive company securities, collectively worth \$1.6 trillion. Outside of the EU, the Australian Exchange has 1,004 extractive companies listed. The TSX Toronto has 556 listed company securities, representing \$1.06 trillion in global market capitalization, while the TSX Venture has 1,611 listed extractive sector company securities representing in \$44.4 billion in global market capitalization. See *Figure 2*.

Stock Exchange	Total # of securities listed on exchange	Total # of extractive sector securities listed on exchange	Total market cap value of extractive sector securities listed on exchange, in dollars:
Australia (ASX)	2078	1004	\$353,314,334,000
BM&FBOVESPA Brazil	372	84	415,722,002,000
BME Spain (Barcelona, Bilbao, Valencia, Madrid)	3263	18	417,370,467,000
Bombay (BSE)	5115	143	3,144,956,000
Canadian National Stock Exchange	.. ⁵	78	306,990,000
Deutsche Borse-Frankfurt	.. ⁵	2128	350,031,029,000
Euronext Amsterdam	1110	15	878,595,593,000
Euronext Brussels		40	440,811,250,000
Euronext Lisbon		2	12,823,536,000
Euronext Paris		39	543,286,765,000
Hong Kong (HKEx)	1506	107	549,353,066,000
Italian Borsa	.. ⁶	13	165,774,731,000
Johannesburg (JSE)	392	74	404,998,767,000
Korea Exchange	1816	70	90,653,440,000
London (LSE) Group	2864 ⁷	362	1,629,611,606,000
Moscow MICEX	325	73	452,033,749,000
NASDAQ OMX Nordic-Copenhagen	771	3	116,180,000
NASDAQ OMX Nordic-Helsinki		6	7,501,540,000
NASDAQ OMX Nordic-Iceland		2	926,477,000
NASDAQ OMX Nordic-Riga		1	45,432,000
NASDAQ OMX Nordic-Stockholm		28	153,085,944,000
NSE India	1641	157	294,185,541,000
Oslo Børs	238	68	146,544,346,000
Shanghai SE	932	85	342,304,956,000
Shenzhen SE	1420	82	113,444,848,000
SIX Swiss Exchange	280	15	349,968,793,000
Tokyo SE	2288	83	148,827,434,000
TSX Toronto	3947	556	1,059,657,720,000
TSX Venture		1611	44,423,797,000
US Exchanges (NYSE, Amex, NASDAQ)	4977	525	4,387,059,816,000
<i>Sum of extractive sector market capitalization residing outside the U.S.:</i>			3,308,558,438,000
Total extractive sector market capitalization:⁸			7,695,618,254,000

Figure 2.
Global Market Value and
Numbers of Listed Companies

Briefing

SEC regulation coverage of extractive industries listed on global exchanges

Many large extractive sector companies are listed on multiple exchanges. We examined which company securities listed on foreign exchanges are also listed on American exchanges and are thus likely to be subject to Section 1504 of the Dodd-Frank Act.

Our data shows that exchanges with particularly large shares of extractive sector activity vary in the number of companies which may be subject to SEC regulations. We anticipate that nearly 20 percent of extractive sector companies on the Toronto Stock Exchange, 13.5 percent of the Johannesburg Stock Exchange and 3.6 percent of companies listed on the London Stock Exchange will be covered. One percent of companies on the Australian Stock Exchange are likely to disclose information under Section 1504, including some of Australia's largest internationally active companies. See *Figure 3*

Stock Exchange	Total market cap value of extractive sector securities listed on exchange, in dollars:	Total # of extractive sector securities listed on exchange	Total # of extractive sector securities likely covered by SEC rules ⁹	% of securities likely covered by SEC rules
Australia (ASX)	\$353,314,334,000	1004	12	1.20
BM&FBOVESPA Brazil	415,722,002,000	84	27	32.14
BME Spain (Barcelona, Bilbao, Valencia, Madrid)	417,370,467,000	18	6	33.33
Bombay (BSE)	3,144,956,000	143	0	0.00
Canadian National Stock Exchange	306,990,000	78	0	0.00
Deutsche Borse-Frankfurt	350,031,029,000	2128	-- ¹⁰	--
Euronext Amsterdam	878,595,593,000	15	10	66.67
Euronext Brussels	440,811,250,000	40	6	15.00
Euronext Lisbon	12,823,536,000	2	0	0.00
Euronext Paris	543,286,765,000	39	9	23.08
Hong Kong (HKEx)	549,353,066,000	107	5	4.67
Italian Borsa	165,774,731,000	13	3	23.08
Johannesburg (JSE)	404,998,767,000	74	10	13.51
Korea Exchange	90,653,440,000	70	0	0.00
London (LSE) Group	1,629,611,606,000	362	13	3.59
Moscow MICEX	452,033,749,000	73	2	2.74
NASDAQ OMX Nordic-Copenhagen	116,180,000	3	0	0.00
NASDAQ OMX Nordic-Helsinki	7,501,540,000	6	0	0.00
NASDAQ OMX Nordic-Iceland	926,477,000	2	1	50.00
NASDAQ OMX Nordic-Riga	45,432,000	1	0	0.00
NASDAQ OMX Nordic-Stockholm	153,085,944,000	28	2	7.14
NSE India	294,185,541,000	157	0	0.00
Oslo Børs	146,544,346,000	68	3	4.41
Shanghai SE	342,304,956,000	85	2	2.35
Shenzhen SE	113,444,848,000	82	0	0.00
SIX Swiss Exchange	349,968,793,000	15	5	33.33
Tokyo SE	148,827,434,000	83	1	1.20
TSX Toronto	1,059,657,720,000	556	109	19.60
TSX Venture	44,423,797,000	1611	9	0.56

Figure 3.
Potential SEC Regulation Coverage
of Extractive Industry Securities
Listed on Global Exchanges

Source: Bloomberg L.P. and
Revenue Watch calculations
(January 2012).

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. Exchanges that have embraced mandatory requirements (namely the United States, European Union and Hong Kong) represent a significant share of the market value of all extractive companies. Our research also shows the importance of the Toronto, Australia, Shanghai and Johannesburg markets, and the potential impact of mandatory disclosure regulations in these markets.
- U.S. regulations and proposed EU reporting requirements cover a large share of global extractive industry companies, and a majority of large internationally operating companies, including a number of state-owned entities. Petrochina, the principal holding company of China National Petroleum Company (CNPC), and the Chinese National Offshore Oil Company Ltd. (CNOOC) are all U.S.-listed, while Russia's Gazprom has secondary listings in London and Frankfurt.
- With so many companies covered by existing or emerging reporting standards, it is becoming less and less credible to argue that these companies will suffer adverse competitive effects for reporting under these standards. Nevertheless, increasing the coverage of mandatory transparency standards to encompass more companies will level the playing field for those already subject to reporting requirements, and expand the benefits of payment reporting.
- With a large number of extractive sector companies listed on the Toronto and Australian exchanges (556 and 1004, respectively), the prompt adoption of new rules in these jurisdictions could have an immediate impact, particularly given the number of these companies, (especially Canadian mining juniors) operating in Africa.
- Rule changes in South Africa—where the Johannesburg exchange is Africa's largest, hosting significant extractive sector activity and a large number of African companies—will receive strong support from regional civil society groups already active on governance and economic justice issues.

For data on individual stock exchanges and market capitalization of the oil and mining sector, see RWI's online calculator at <http://data.revenuewatch.org/listings/>.

Briefing

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 Source: Bloomberg L.P. (2012). EQS Data retrieval for market close 1/17/2012. Retrieved January 18, 2011 from Bloomberg database. Euro to Dollar mid-market conversion rate for 1/17/12 was 1.2657 Eur to USD; .7900 USD to Eur.
- 3 Many securities are cross-listed on multiple exchanges, regardless of the “primary” exchange where they reside. This figure calculates each exchange’s share of the global total in our data set using de-duplicated values that count each security’s value only on its primary listing exchange.
- 4 N.B.: Until U.S. regulations are finalized and European legislation is enacted, it is unclear precisely which companies listed on certain exchanges will be required to report in given jurisdictions. Market capitalization represents the value of securities listed on an exchange; these figures may not directly correlate to the share of global companies covered by certain jurisdictional reporting requirements. Our research highlights the relative importance of each jurisdiction in terms of extractive sector market capitalization.
- 5 Total values not reported.
- 6 Italian Borsa total is included in London Stock Exchange Group total, as that is its parent company.
- 7 Total includes securities listed on the Italian Borsa.
- 8 Exchange values represent the total for all securities listed on that exchange, regardless of primary listing location. These final totals represent the de-duplicated market capitalization values after accounting for cross-listing of securities across multiple exchanges.
- 9 Represents securities cross-listed on U.S. exchanges.
- 10 See Footnote 4.



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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