



Nasdaq expects a wave of listings from Japanese companies looking to boost their international profile. © Nikkei montage/Source photos by Kohnosuke Urata and Reuters

TRADING ASIA

Nasdaq targets Japanese IPOs as Chinese listings wane

Market operator expects young entrepreneurs from Asia's No.2 economy to turn to U.S.

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TOKYO -- U.S. stock market operator Nasdaq expects key Japanese startups to list on its bourse as early as next year, driven by revived momentum in Asia's No. 2 economy and a new generation of entrepreneurs who are looking beyond the borders of their East Asian nation.

"We have seen the pipeline continue to grow for Japanese companies who are interested in Nasdaq," said Bob McCooey, Nasdaq's vice chairman responsible for international listings, adding that a wave of young entrepreneurs in the country are thinking more globally than many of their predecessors.

"Some who I've met are as young as in their 20s," McCooey told Nikkei Asia during an interview in Tokyo. "There's a new generation here who are not building their products, services or health care deployment for the Japanese community -- they are building [them] for the world."

The executive didn't give specific names, but said companies from sectors such as technology, fintech, renewable energy and life sciences are potential candidates for initial public offerings.

He also underscored that some businesses are starting to chart a different course to the big companies that have typically dominated commerce in the nation. "There are Japanese companies that have begun to do software [rather than hardware], and that's kind of new," McCooey said.



Nasdaq Vice Chairman Bob McCooey speaks to Nikkei Asia in Tokyo. (Photo by Mitsuru Obe)

Indeed, some Japanese firms have already been seeking global funding, including [Sakana AI](#), a generative artificial intelligence company founded by former Google scientists.

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Kyoto Fusioneering, a [nuclear fusion](#) startup, is among those mentioned for a potential Nasdaq listing by market sources, while cryptocurrency exchange Coincheck has voiced its intention to go public via Nasdaq. Japanese lunar exploration startup [iSpace](#), which debuted on the Tokyo Stock Exchange last year, has said a second listing in America is possible.

"So far, there has not been a big breakthrough IPO to put Japan on the map," said Drew Bernstein, co-chairman of MarcumAsia, an accounting firm specializing in cross-border initial public offerings. Past Japanese IPOs have tended to be smaller in size, with little institutional participation. "However, there are several companies in the pipeline that are more substantial," he continued.

"It only takes one 'poster child' to capture investors' attention and create the coattails for other Japanese companies to feel comfortable following down that path," said Bernstein, noting that it would make sense for ambitious startups to consider global listings to boost their international profile and entice top talent from around the world.

Yutaka Yuguchi, head of the global capital markets advisory group at KPMG in Japan, is another expert on cross-border listing who expects major Japanese IPOs on Nasdaq.

"Previously, Nasdaq was seen as a place for companies that couldn't make it to the Tokyo Stock Exchange," Yuguchi said, adding that Nasdaq is easier to enter but more difficult to remain on than the TSE, Japan's biggest bourse. "Today, more companies weigh both options. ... It is only a matter of time before you see a U.S. listing by major deep-tech companies."

Yuguchi compared the evolution of IPOs to the development of professional baseball in Japan. Previously, the best Japanese players only competed in the domestic league, but after pitcher Hideo Nomo and outfielder Ichiro Suzuki moved to Major League Baseball, it became normal for top stars to head for

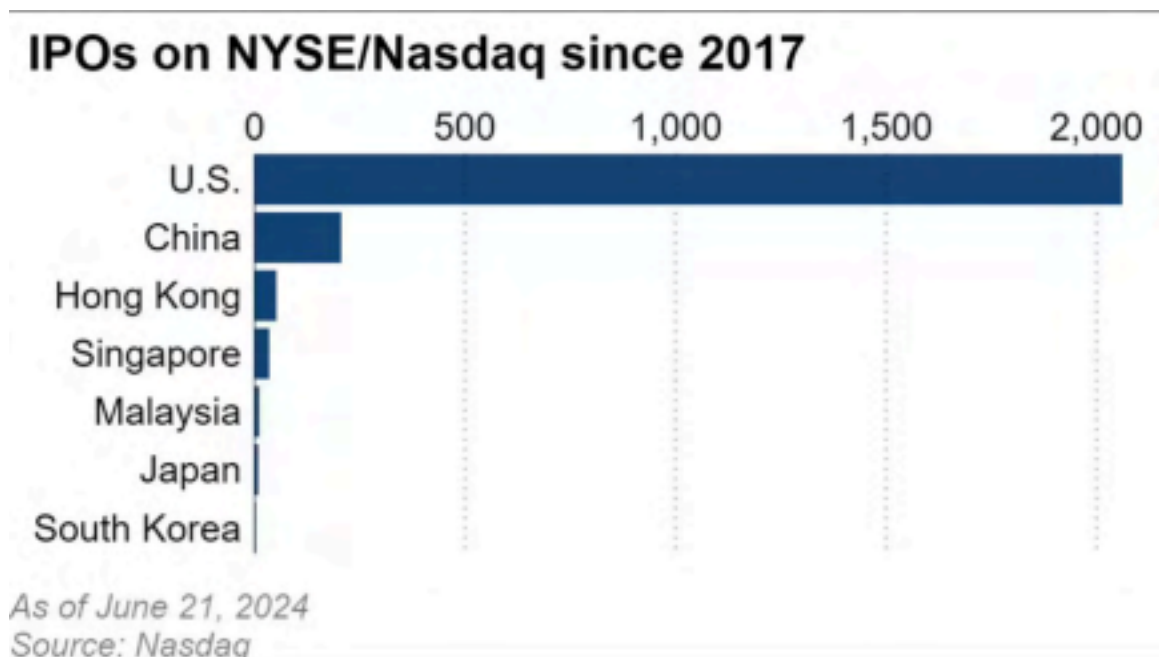
America, he said.

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Traditionally, Japanese companies such as Toyota Motor, Honda Motor and Sony have prioritized a local IPO, with a listing on the New York Stock Exchange only a potential secondary step. Young Japanese managers, however, often have a different worldview and are potentially turning overseas for growth.

For other Asian startups, U.S. listings have already stoked their global recognition, and while China has until recently been the dominant driver of American listings from the region, that is starting to change. South Korean digital comic publisher [Webtoon](#) had its IPO on Nasdaq in June, while electric vehicle maker VinFast became the first major Vietnamese listing in the U.S., via the same bourse.

Elsewhere, Philippines hotel chain operator [Hotel 101](#) is set to list on Nasdaq later this year. From Singapore, gaming company Sea and ride-hailing giant Grab have over the last few years listed on the NYSE and Nasdaq, respectively.



"Our focus has broadened away from just China," Nasdaq's McCooey said. "It

was all China. All the listings were coming from China" during much of the 2010s, he said. "Then four or five years ago, it moved down to Southeast Asia ... and in the past two or three years, it's then moved up to North Asia -- South Korea and Japan."

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Helping drive that shift is the intensifying geopolitical rivalry between Washington and Beijing.

"The biggest issue is that any high-profile [Chinese] IPO tends to become a political lightning rod," said Bernstein at MarcumAsia, citing Shein as the most recent example. The fast-fashion company founded in China "would be a perfect candidate to list in the U.S., yet there was so much opposition on Capitol Hill that it looks like they may IPO in London instead."

"From an investor perspective, funds have been increasing their allocations to Japan due to the continuing geopolitical risks of the fraught relationship between the U.S. and China," Bernstein pointed out. "There is a sense that the macroeconomic picture has improved and that there is more creativity bubbling up outside of the corporate giants."

Chinese companies on Nasdaq include search engine Baidu, e-commerce company JD.com and Pinduoduo, whose Temu unit has been accused of flooding the U.S. with cheap imports.

Despite the geopolitical challenges, Nasdaq intends to attract promising companies from emerging markets, including China.

The TSE is also looking overseas to attract IPOs. It launched its "Asia Startup Hub" initiative in March with banks, brokers, venture capital firms and auditors, including KPMG and EY, aiming to lure new listings from across the region. Fourteen startups -- from places such as Malaysia, Indonesia, Vietnam and South Korea -- have been selected for listing support in areas such as accounting rules and legal requirements.

Meanwhile, one of the best performers on Nasdaq in the last 15 years has been Argentinian company Mercado Libre, the most popular e-commerce site in Latin America. Its share price has soared by 10 times in the last seven years.

Another Nasdaq star performer is Arm, a SoftBank Group-owned chip designer based in Britain whose shares have nearly tripled in value over the past 12 months.

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Non-U.S. companies make up only 15% of Nasdaq stocks, but in the last couple of years, Asian firms alone were responsible for some 35% of the new listings on the exchange.

McCooey predicts non-American companies will account for 20% of fresh listings in the next few years.

"Fundamentally, investors want to find companies that are going to be successful because they want to make money," he said. "If you can find a company, it doesn't matter where the company is.

"If China has been 80% [of Asian IPOs], China at some point in time will only be 50% and then I think North and Southeast Asia will be the other 50% of the listings over the next few years."

