



## Fund Managers Get Nod for New Services

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The first batch of Chinese fund managers has been approved to offer a range of services previously limited to commercial banks.

The nine companies are: China Southern Fund Management Co Ltd; Harvest Fund Management Co Ltd; ICBC Credit Suisse Asset Management Co Ltd; E Fund Management Co Ltd; Zhonghai Fund Management Co Ltd; China Universal Asset Management Co Ltd; Penghua Fund Management Co Ltd; Guotai Asset Management Co Ltd; and Lion Fund Management Co Ltd.

Under a new China Securities Regulatory Commission rule, fund management companies can provide wealth management services for investors from Jan 1 this year.

A fund management company with no less than 200 million yuan in net assets and no less than 20 billion yuan in assets under management in the latest quarter can apply to provide wealth management services.

When approved, a fund management company can accept clients with no less than 50 million yuan for investment. Analysts said corporate investors would be the target clients for fund companies, while private banking services usually focus on individuals.

In terms of wealth management services, fund management companies can invest in stocks, bonds, stock funds, bank bills, short-term debt, asset-backed securities, financial derivatives and other regulated products.

Under the rule, fund management companies can charge a fee for no more than 20 percent of the investment return in a certain period. "The high fee has raised the interest of fund managers to offer these services, which are similar to private funds," said Liao Bojun, an analyst at Changjiang Securities.

Previously, fund managers conducted investment consulting services for investors.

Guotai Fund said it began preparing wealth management services in 2003. "The services will help the diversified development of fund companies. Several clients have shown interest in our wealth management services," Guotai Fund said yesterday.

Penghua Fund said it had visited potential clients in the past months.

"Fund management companies' wealth management products are expected to mainly invest in stocks, while those of banks usually focus on low-risk investment tools, such as bonds and subscriptions for initial public offerings," Liao said.

"In order to protect the interests of mutual funds, there should be a firewall between the management team of mutual funds and that of wealth management services in each fund company - and both should have equal access to information," said Zhou Liang, head of Lipper China Research.

Zhou added that building a fair and efficient trading system is the major task ahead.

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