

China's securities regulator unveils measure to stabilize market

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BEIJING, April 20 (Xinhua) — China's securities regulator late Sunday ordered shareholders to sell stocks on the block trading system if they expect to sell a large amount of shares that were freed from the lock-up period.

When more than 1 percent of a listed firm's total shares are sold within a month, the holders should use the block trading system, the China Securities Regulatory Commission said.

Analysts say the measure is a move to shore up the stock market, after the benchmark Shanghai Composite Index plunged by 49.5 percent from its all time high in October.

Investor sentiment was weak on the lingering concerns that the huge amount of such shares would flood the market for cash and therefore sink share prices.

"If such shares are all to be traded on the bid trading system, the trading will be low-efficient as the volume is often restricted by the buying interest on the secondary market," a CSRC spokesman said in a statement.

"The trading will also exert huge pressure on the share prices and twist the pricing mechanism," the spokesman stated.

"The move will help to ease the pressure on the secondary market and the impact on the pricing mechanism on the bid trading system, and to stabilize investors expectations on the reduction of the holdings of such shares."

The move is an experience learnt from the mature market to promote a stable and healthy development of China's emerging and transitional capital market, said the spokesman.

The country's stock market is faced with more complicated internal and external factors, the spokesman noted, adding the external factors include the recent huge volatility on the global financial market, its bigger impact on the emerging markets, and the sustained price rises of energy, resources, and grain.

The external factors have also affected the judgement and sentiment of domestic investors, the spokesman stated.

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