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Penalty for fund managers

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The securities regulator yesterday announced severe punishment for two mutual fund managers involved in insider trading during their tenure, in a move to tighten supervision over fund management companies.

One of them, Tang Jian, was a fund manager at China International Fund Management Co (CIFM), in which JPMorgan Asset Management (UK) holds a 49 percent stake. Tang has been barred from any senior management position in any publicly traded company or securities brokerage for life, the China Securities Regulatory Commission (CSRC) said.

In March 2006, Tang bought shares of Shanghai-listed Xinjiang Zhonghe ahead of his fund's purchase of the same company's shares in April to May, and made a profit of 1.52 million yuan.

Another fund manager with CIFM, Wang Limin, has been barred from the capital market for seven years for making 1.5 million yuan through insider trading.

The money they made on the sly has been confiscated and both managers have been fined of 500,000 yuan, said the industry watchdog.

"The punishment, the first of its kind in China's mutual fund history, shows the regulator's determination to crack down on insider trading and protect investors' interests," said the spokesman with the CSRC.

CSRC statistics show mutual fund operations have crossed 2.5 trillion yuan, accounting for 23 percent of the tradable shares' market value.(China Daily)

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