

China to allow equity investment for banks in H1

China's banking regulator is drafting new rules that will allow the nation's commercial banks to make equity investment in the first half of 2009, the Security Times reported on Tuesday.

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Trials of equity investment will begin with China's Big Four commercial banks, namely Industrial and Commercial Bank of China, Bank of China, China Construction Bank, and Agricultural Bank of China, the paper quoted an unnamed official as saying.

Current regulations prohibit commercial banks in China to involve themselves in equity investment directly. The banks have to establish a subsidiary for equity investment.

The government unveiled a 4-trillion-yuan (\$586 billion) stimulus package in November 2008 to protect the country's

investment and export-driven economy amid the global downturn. The new rules on equity investment are part of the government's efforts to boost investment.

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