Money

China cross-border ETFs in final stage

(Agencies)
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SHANGHAI - China is making final preparations to launch cross-border exchange-traded funds (ETFs) as part of plans to widen channels for its growing yuan savings, its securities regulator said on Wednesday.

The ETFs would be based on stocks listed on the Hong Kong stock exchange and the China Securities Regulatory Commission is finishing up works to smooth out techical issues involving the products, said Tong Daochi, director-general for international affairs at CSRC.

ETFs are index funds that trade like stocks on major stock exchanges.

"We are in the last mile of preparing the ETFs, which will be based on Hong Kong-listed stocks. We hope to finish this last mile as soon as possible," Tong told a financial conference in Shanghai.

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"This is a very important product, because it's the first cross-border product under the Qualified Domestic Institutional Investor program," he said.

Last month, Barclays Capital, the investment banking arm of Barclays Bank Plc, said that the Shanghai Stock Exchange had approved 19 of its fixed-income indexes, including the Barclays Capital Global Treasury Bond Index, to be used in ETF products developed by Chinese fund management firms.

In 2006, China launched the QDII scheme, under which domestic funds are allowed to invest their clients' money in overseas markets, and regulators are also discussing allowing foreign companies to list in Shanghai.

The QDII scheme had a rough start as domestic fund managers rushed to tap the new markets and then suffered heavy losses as the global financial crisis broke shortly after the program's launch.