

China to adopt new methods to value suspended stocks amid market slump

China's fund management companies will adopt new methods such as incorporating industry index to value suspended stocks from Tuesday, China's securities regulators said on Monday.

The move was aimed to prevent abnormal high prices of suspended stocks which resumed trading amid a market slump.

Before the move took effect, the price of a stock that had just resumed trading was calculated by that on the last trading day before the suspension.

An official with China Securities Regulatory Commission (CSRC) said the fund management companies were asked to adopt proper methods of valuing suspended stocks to ensure the fairness and transparency of the valuation process. While the recent market downturns would probably make them adopt industry index on both stock exchanges as they were more objective and transparent.

He said the new method could temporarily reduce the net asset value of some stock funds. But it would standardize the valuation process and would not lessen the internal value of those suspended stocks.

The CSRC were studying the exiting regulations on stock suspension to prepare for further amendment on relevant stipulations, he added.

Source: Xinhua
