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This city is Shanghai!

China approves final rules for index futures

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Chinese securities regulators have approved the last important rules for trading the country's stock index futures, making it possible for investors to open accounts soon. The index futures will allow domestic investors to sell short for the first time.

The China Securities Regulatory Commission (CSRC) approved the trading contracts and the revised trading rules submitted by the China Financial Futures Exchange (CFFEX), where the index futures will trade, xinhuanet.com reported Saturday.

A regulatory commission official told xinhuanet that the system to open an account is ready and qualified investors are expected to be notified within a couple of days.

But he cautioned that opening an account does not necessarily signal the beginning of trading. Before the official launch of the derivatives, access regulations need to be issued for institutional investors and the number of registered investors should reach a certain level.

The commission said in January that it would take about three months to prepare for the index futures.

The futures exchange, based in Shanghai, issued index futures' trading rules in June 2007, and simulated trade has been conducted since October 2006. On January 19, it announced revised trading rules, raising the minimum trading margin from 10 percent to 12 percent and reducing the single-day maximum holding of futures contracts to 100 from 600, which was previously set during the trial period.

"The main functions of the revision are to ensure the smooth launch of index futures, effectively control trading risks and improve the risk-management mechanism," said a futures exchange spokesman.

Trading contracts for index futures are based on the CSI 300 Index, which is composed of the 300 largest A shares listed on the Shanghai and Shenzhen stock exchanges.

Source:China Daily

World

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Nation

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Business

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