

(BN) China Cuts Transaction Fees for Share Trading to Boost Market

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By Bloomberg News

Aug. 2 (Bloomberg) -- China will lower transaction fees charged on yuan-denominated stocks traded in Shanghai and Shenzhen as the securities regulator seeks to bolster investor sentiment amid slumping share prices.

China will reduce A-share trading fees by 20 percent from Sept. 1, following reductions earlier this year, China Securities Regulatory Commission said in a statement on its website. Trading charges will be cut as much as 26 percent for futures exchanges in Shanghai, Zhengzhou and Dalian, according to the statement. China Financial Futures Exchange will trim transaction fees by 28.57 percent.

Today's cut may save stock investors 600 million yuan (\$94 million) in transaction-related fees for the rest of the year, according to the statement. Futures markets costs may be lowered by 1 billion yuan, it said. The Shanghai and Shenzhen bourses earlier lowered fees charged for trading A shares by 25 percent on June 1.

Trading fees in China's financial markets have been cut three times this year, which "alleviates market costs and reflects regulator's confidence and determination to protect the interest of investors and boost the healthy development of the market," according to the statement.

The benchmark Shanghai Composite Index has slumped 14 percent from this year's high on March 2 amid concern the economic slowdown is deepening and Europe's debt crisis is worsening. The index dropped 0.6 percent today, as about three stocks fell for each one that gained.

Thirty-day volatility in the Shanghai Composite Index was at 14.3. About 5.4 billion shares changed hands in the gauge yesterday, 29 percent lower than the average this year. The index is valued at 9.5 times estimated profit, compared with the three-year average of 14.7.

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