

China Regulator Raises Equity Investments Cap for Insurers to 45%

China's banking and insurance regulator said it was raising the cap on how much the country's insurers can invest in equity assets, in an effort trying to bring more long-term funds into the capital market.

The China Banking and Insurance Regulatory Commission (CBIRC) said in an online statement late on Friday it will allow insurers to invest up to 45% of their total assets recorded at the end of the previous quarter in equity investments.

Currently, China caps all insurance companies' equity investments at 30% of their total assets.

Investments will be capped at 10% of the total share capital of any single listed company, the regulator added.

The official Shanghai Securities News said the move to raise the equity investment ceiling to 45% from 30% should introduce hundreds of billions of yuan to China's A-share market.

Shanghai shares ended higher on Friday, but still suffered their worst weekly drop in five months, as China's better-than-expected GDP data fuelled worries over the pace of policy easing, while foreign investors cashed in after a bull run.