

Central bank wants investment curbs

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The central bank is pushing for curbs to be imposed on the amount of Chinese capital that can be placed in local stocks, hoping to stem the inflow of speculative funds, an official said yesterday.

The Financial Supervisory Commission, which has the authority to set limits on Chinese funds, has been approached by central bank officials eager to keep controls tight, said Lu Ting-chieh (盧金鐘), the commission's chief secretary.

"The central bank has expressed the hope to us that we will cut the investment amount," Lu said.

Chinese institutional investments in stocks are expected soon after Saturday, when three financial memoranda signed by Taipei and Beijing in November take effect, including one that allows Chinese investors to place funds in Taiwan's stock markets.

The commission had initially set the maximum for Chinese institutional investments at an overall total of US\$1 billion, but the central bank's recent approaches indicate it considers this amount too large.

The Economic Daily News reported yesterday the central bank's move to cut the investment amount aims to curb market speculation amid fears that a massive entry of foreign funds will destabilize the New Taiwan dollar.

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