

《英语新闻评论：中国暂停股票熔断机制是正确的》

The securities authorities' decision on Thursday night to put the "circuit breaker" mechanism on hold-only four days after it was introduced-is commendable. It is never too late to correct wrongs, but lessons have to be learned so that policies of similar significance are devised more carefully.

Thursday's decision was made after trading on the Chinese mainland's stock market was halted for the second time this week, indicating the new stabilizer had failed to serve its purpose.

Domestic stock markets saw another 7 percent dive on Thursday morning, after a similar plunge on Monday, which halted trading for the rest of the day as the circuit breaker kicked in.

There are surely many reasons to explain the worries of investors: The falling value of the renminbi against the US dollar, China's declining manufacturing activities, Wall Street market falls and dimmer global growth prospects all justify concerns. But none of them seems to have weighed more heavily on investors than expectations of a possible glut of share sales as the half-year ban on sales by listed companies' major shareholders was due to expire at the end of this week.

The second daylong trading suspension this week forced the securities watchdog to extend the ban, which was introduced last July as part of the government's efforts to stem the rout that wiped trillions of dollars from market valuations.

By doing so, the securities regulator expects to avoid an imminent wave of pent-up selling pressure that would hit China's volatile exchanges hard. The move to extend the ban, even if belated, was badly needed to ease investors' short-term worries. But it is no replacement for a thorough re-examination of how well or badly the circuit breaker mechanism was acting as a market stabilizer.

Both the growing width and depth of the Chinese stock markets and the increasingly complicated trading technologies demand smart and swift responses from the securities watchdog to ease extreme volatility that could seriously hurt investors' confidence in the long-term health of not only the domestic stock market but also the Chinese economy as a whole.

The introduction of the circuit breaker mechanism, a common practice in many overseas stock markets, is ostensibly meant to create time for investors to calm down in the face of volatile market changes. But the domestic stock markets have quite different regulatory requirements and market conditions.

Fortunately, the securities authorities have recognized the risk of allowing the stabilizer to run on auto-pilot, albeit after paying a huge cost.