

Order No. 44 of China Securities Regulatory Commission

No. 44

The Measures for the Administration of Foreign Stock Exchanges' Representative Offices in China have been deliberated and adopted at the 203rd chairmen's executive meeting of China Securities Regulatory Commission on April 3, 2007. They are hereby promulgated and shall enter into force as of July 1, 2007.

Chairman of China Securities Regulatory Commission, Shang Fulin
May 20, 2007

Measures for the Administration of Foreign Stock Exchanges' Representative Offices in China

Chapter I General Rules

Article 1 For the purpose of regulating the establishment of foreign stock exchanges' representative offices in China and their business operations these Measures are constituted under the Securities Law of the People's Republic of China and the related regulations.

Article 2 The "foreign stock exchanges" as mentioned in these Measures means the stock exchanges, securities automated quotation or electronic trading systems or markets established abroad. The "foreign stock exchanges' representative offices in China" (hereinafter referred to as representative offices) as mentioned in these Measures means the permanent representative offices established by foreign stock exchanges inside the territory of China under the approval of engaging in liaison, market promotions, investigations and other similar non-business activities. The person in-charge of a representative office is the chief representative.

Article 3 A representative office shall conform to the laws, regulations of China and the related provisions of China Securities Regulatory Commission (hereinafter referred to as CSRC). The legitimate rights and interests of representative offices shall be protected by Chinese law.

Article 4 The CSRC shall examine, approve and supervise the representative offices subject to the principle of prudent supervision.

Chapter II Application and Establishment

Article 5 A foreign stock exchange applying for establishment of a representative office (hereinafter referred to as the applicant) shall be subject to the requirements as follows:

- (1) The country or region where the applicant is located has perfect laws and regulations on financial supervision;
- (2) The financial supervision authority in the country or region where the applicant is located has concluded a memorandum of understanding on supervisory cooperation with CSRC, and keeps a good cooperation with CSRC;
- (3) The applicant is a financial institution established under the approval or ratification of the financial supervision authority of the country or region where it is located;
- (4) The applicant has been established for more than 20 years, it has a stable operation and, standardization and its financial situation is well; and
- (5) Other prudential conditions put forward by the CSRC.

Article 6 An applicant can only apply for establishing one representative office, and at the time of

application, shall submit the materials as follows to the CSRC:

- (1) an application letter as signed by the board chairman (director-general) or the general manager to the CSRC;
- (2) a written opinion or any other related document issued by the financial supervision authority of the country or region where the applicant is located on approval of establishing such a representative office by the applicant;
- (3) a copy of the business license or of the attestation on lawfully opening business as issued upon verification by the related competent authority of the country or region where the applicant is located, notarized and certified by a competent notary public or certification institution in the country or region where the applicant is located, and certified by the Chinese embassy or consulate accredited to that country;
- (4) articles of association and main business rules of the applicant;
- (5) a name list of board of directors (board of governors) and the management personnel;
- (6) the annual reports for the latest 3 years;
- (7) a scheme on establishing the representative office, including, but not limited to, the purposes, necessity of the establishment, working plan, set-up of internal organs and personnel arrangement, management systems and office site, etc.;
- (8) a power of attorney as signed by the board chairman (governor-general) or general manager on appointing the chief representative;
- (9) a declaration that the applicant published, which the chief representative to-be has no record of penalty due to any serious violation of law or regulation, and which shall be notarized by a notary public institution in the country or region where the applicant is located;
- (10) the identity certificate, academic credentials and resume of the chief representative to-be; and
- (11) other documents required to be filed by the CSRC.

Article 7 The CSRC will accept and examine the application materials for establishment as filed by applicants. Where the CSRC decides to approve an application, it shall produce an approval document.

Article 8 Within 90 days upon approval of the CSRC, a representative office shall handle the procedures for industrial and commercial registration as well as taxation registration upon the approval document, move into a fixed office, and report the matters as follows to the CSRC in written form:

- (1) certificates on industrial and commercial registration and taxation registration;
- (2) a certificate for the lawful right to use the office;
- (3) the telephone number, fax number and post address of the office; and
- (4) the mobile phone number and email address of the chief representative.

In case the representative office, within the time limit provided above, fails to file a written report with the CSRC, the original approval document shall be automatically abated.

Article 9 The name of a representative office shall be composed of the following contents in an order as: "the name of the country or region where the foreign stock exchange is located", "the name of the foreign stock exchange", "the name of the local city" and " the representative office".

Article 10 Other main staff members of a representative office shall be referred to as "representatives" or "deputy representatives" except for the chief representative.

Article 11 The qualification for the chief representative of a representative office to hold the post shall acquire the approval of the CSRC. A chief representative shall satisfy the requirements as follows:

- (1) Being known well with the finance laws and regulations of China;

- (2) Having a bachelor's degree or above, 10 years or more of experiences in finance or economy, and 3 years or more of experiences in undertaking Chinese-related business in the latest 5 years; and
- (3) Having a good character and no record of criminal or administrative penalty.

Article 12 To appoint a representative or deputy representative, within 5 working days as of the date of appointment, a representative office shall report the name list, identity certificates and resumes of that person to the CSRC for archival purpose.

Chapter III Alteration and Cancellation

Article 13 Where a representative office changes its name, it shall submit an application to the CSRC, and file an application letter signed by the board chairman (governor-general) or general manager of its stock exchange as well as other documents as required by the CSRC.

Article 14 Where a representative office changes its chief representative, it shall submit an application to the CSRC, and file an application letter signed by the board chairman (governor-general) or general manager of its stock exchange as well as the related materials provided in Items (8) up to (11) of Article 6 of these Measures.

Article 15 The CSRC will accept and examine the application materials for changing the name or chief representative submitted by the applicants. It shall reissue an approval document if the CSRC decides to approve an application.

Article 16 Where a representative office changes, adds or reduces a representative or deputy representative, it shall report the name, identity certificate and resume of the person to the CSRC for archival purpose within 5 working days as of the alteration.

Article 17 A representative office can change its office only inside the city where it is located. Within 5 working days as of the alteration, the representative office shall report the matters as follows to the CSRC in written form:

- (1) a certificate for the lawful right to use the new office; and
- (2) the telephone number, fax number and post address of the new office.

The "change of office" as mentioned in this Article means the relocation, enlargement or reduction of the former office.

Article 18 The cancellation of a representative office shall, ahead of 20 working days, be reported to the CSRC, and handle the formalities for deregistration at the administrative organ for industry and commerce upon the pertinent confirmation document issued by the CSRC on approval of the cancellation. The pertinent deregistration certificate shall, within 5 working days, be submitted to the CSRC after a representative office is deregistered.

Article 19 The unsettled matters shall be responsible for by its stock exchange after a representative office is cancelled.

Chapter IV Supervision and Administration

Article 20 A representative office shall have an independent and fixed office of its own, employ a reasonable amount of staff members, of which, the proportion of domestic residents shall not be lower than 50%. The foreign staff members of a representative office shall handle the formalities for residence under the pertinent laws upon entry.

Article 21 Any chief representative may not concurrently hold a post in the head office or a regional head

office, nor may he concurrently hold a post in any other commercial institution inside the territory of China. A chief representative shall stay in the representative office to take charge of the daily routine. Where a chief representative goes abroad for 30 consecutive days, he shall file a report with the CSRC and designate a special person to carry out the duties on his behalf. Where a chief representative concurrently holds a post in any other institution or goes abroad for more than 30 consecutive days without reporting, the CSRC may require the stock exchange to replace the chief representative.

Article 22 Any representative office and any of its staff members may not conduct any commercial activities or do so in a disguised form, it or he may not conclude an agreement or contract with any legal person or natural person that may bring about incomes to the representative office or the stock exchange.

Article 23 Any representative office and any of its staff members may not conduct publicity in any form, it or he may not hold any market promotion activity oriented to individuals in any form.

Article 24 Where a representative office and its staff members organize and hold a large-scale market promotion activity oriented to enterprises, they shall report a related scheme to the CSRC in advance, and if the CSRC does not present any objection within 10 working days, it can hold such promotion activity.

Article 25 Any representative office and any of its staff members may not hold any false market promotion activity in any form, and it or he may not conduct unfair competition in any form or seek for interests for any other institution in any form.

Article 26 A representative office shall submit a work report of the previous year to the CSRC within two months upon conclusion of each year.

Article 27 A representative office shall file the information about Chinese companies whose stocks are listed and traded in its stock exchange in the previous year as well as the information about Chinese-funded members within two months upon conclusion of each year.

Article 28 A representative office shall file the annual report on its stock exchange for the previous year within four months upon conclusion of each accounting year of its stock exchange.

Article 29 Where a foreign stock exchange gives any major punishment to any Chinese company whose stocks are listed and traded in it or any Chinese-funded member thereof, the representative office shall timely render a notice to the CSRC, and submit a written report to the CSRC within 10 working days as of the date of punishment.

Article 30 If a foreign stock exchange is under any of the following circumstances, the representative office shall, within 10 days after the event occurs, file a written report with the CSRC:

- (1) Its articles of association, registered capital or registered address alters;
- (2) The stock exchange is split up, consolidated or implements any other major merger;
- (3) Its board chairman (governor-general) or general manager changes;
- (4) It is operating at a heavy loss or with serious financial difficulties;
- (5) The competent supervisory authority of the country or region where the stock exchange is located takes major supervisory measures against the stock exchange; or
- (6) Other events that severely affect the foreign stock exchange's business.

Article 31 The CSRC will implement regular or irregular on-site or off-site inspections of a representative office from, but not limited to, the aspects as follows:

- (1) Whether the representative office conducts commercial activities or does so in a disguised form;
- (2) Whether the representative office engages in publicity or holds any market promotion activity oriented to individuals;

- (3) Whether the representative office organizes and holds any large-scale market promotion activity oriented to enterprises without reporting in advance;
- (4) Whether the application materials filed by the representative office are truthful or accurate;
- (5) Whether the representative office goes through complete formalities for any alteration thereof;
- (6) Whether the representative office goes through complete formalities for employment or alteration of any of its staff member; or
- (7) Other matters to be inspected by the CSRC.

Article 32 The CSRC may take such regulatory measure as ordering its chief representative or any other person in-charge to make correction, arranging a supervisory interview and issuing a letter of warning where a representative office violates these Measures. In case of serious circumstances, the CSRC may take the measure of prohibiting its chief representative or any other person in-charge from entry into the securities market.

Chapter V Legal Liabilities

Article 33 Where a foreign stock exchange, without approval, illegally establishes a representative office or conduct activities in the name of any representative office or in any other form, the CSRC shall ban such representative office or activities under law. Where the foreign stock exchange violates the criminal law, it shall assume criminal liabilities.

Article 34 Where a representative office conducts commercial activities or does so in a disguised form, the CSRC shall give it a warning, confiscate its illegal gains, or even revoke it, etc.

Article 35 Where a representative office implements publicity or holds any market promotion activity oriented to individuals, the CSRC shall give it a warning, or even revoke it, etc.

Article 36 Where a representative office organizes and holds a large-scale market promotion activity oriented to enterprises without reporting in advance, the CSRC shall impose upon it a warning, or a fine, or even revoke it, etc.

Article 37 Where a representative office implements false publicity or unfair competition, the CSRC shall give it a warning, a fine, or even revoke it, etc.

Chapter VI Supplementary Rules

Article 38 The establishment of a representative office within the territory of China by a stock exchange of Hong Kong Special Administrative Region, Macao Special Administrative Region or Taiwan Area shall be implemented by reference to these Measures.

Article 39 The documents as required to be submitted by an applicant under these Measures shall be in Chinese. For the articles of association, main business rules or annual reports of a foreign stock exchange, Chinese abstracts thereof may be provided together with the original texts.

Article 40 These Measures shall enter into force as of July 1, 2007.