

# **Measures for the Administration of Representative Offices of Foreign Stock and Futures Exchanges in China**

[CSRC Decree No. 157]

## **Chapter I General Provisions**

**Article 1** This *Measures* is formulated in accordance with the *Securities Law of the People's Republic of China*, the *Regulation on the Administration of Futures Trading*, the *Regulation on the Registration of Resident Representative Offices of Foreign Enterprises*, and other relevant laws and regulations to regulate the establishment and activities of the representative offices of foreign exchanges in China.

**Article 2** In this *Measures*, “foreign exchanges” include foreign stock exchanges, futures exchanges, and automated quotation or electronic trading systems or markets for securities and futures, as well as other foreign trading venues recognized by the China Securities Regulatory Commission (CSRC).

In this *Measures*, a “representative office of foreign exchange in China” (“representative office”) refers to a resident representative agency duly established by a foreign exchange in Chinese Mainland to solely engage in liaison, market research, and other not-for-profit activities, as well as other representative agencies recognized by the CSRC.

**Article 3** Under the principle of prudential regulation, the CSRC regulates representative offices in accordance with laws and regulations. The regional offices of the CSRC supervise the representative offices domiciled their jurisdiction to the extent authorized by the CSRC.

Representative offices can join securities and futures industry organizations on voluntary basis and accept self-regulation thereof.

## **Chapter II Establishment Registration**

**Article 4** A foreign exchange shall, within five working days after its representative office has completed business registration, submit the following registration materials to the CSRC regional office of its domicile (local CSRC regional office) and take sole responsibility for the truthfulness, accuracy, and completeness of the documents.

- (1) an establishment registration application addressed to the CSRC by the foreign exchange;
- (2) of the foreign exchange: photocopies of such documents as business license or certificate of establishment issued by the competent authority of the country or region of its origin and authenticated by the local Chinese embassy (consulate), unless otherwise stipulated in any international treaty to which China is a signatory or participant;
- (3) of the foreign exchange: copies of articles of association,

organizational structure, equity structure, scope of business, main business rules, corporate bylaws, and internal control mechanisms, among others, as well as the names and profiles of the members of its board of directors (or board of governors) and executive team;

(4) annual reports of the foreign exchange for the latest three years as of the day of submitting the registration materials;

(5) letter of authorization to the chief representative of the representative office issued by the foreign exchange;

(6) a statement of whether the chief representative nominee has received any penalty in the latest three years due to material violations;

(7) identity certificate, resumé, contact information, home address, and other pertinent information of the chief representative nominee;

(8) a letter of commitment addressed to the CSRC and signed by the chief representative nominee;

(9) a photocopy of the business registration certificate of the representative office;

(10) general information of the representative office, including but not limited to entity name, address, workplace phone and fax numbers, scope of business, bylaws, and organizational chart, as well as staff information;  
and

(11) other documents required by the CSRC.

Documents in foreign language shall be accompanied by their Chinese translation with the exception for Item (4).

**Article 5** If the registration materials are complete, the local CSRC regional office shall timely forward the application files to the CSRC headquarters. Information concerning the application, including the name of the applicant, proposed change or termination, and others, will be made available on the CSRC's official website for public inquiries within five working days of receipt. If the registration materials are incomplete, the local CSRC regional office shall request for supplementary materials from the applicant..

**Article 6** The chief representative of a representative office, as the chief in charge, cannot hold any other position either at the headquarters or regional headquarters of the foreign exchange, nor at any other for-profit establishment in Chinese Mainland. A chief representative who holds multiple positions must be replaced.

### **Chapter III Changes and Termination**

**Article 7** A representative office which has changed its entity name shall submit to the local CSRC regional office a written report stating the reasons of the name change, together with the new business registration certificate reflecting the new name, and other documents required by the

CSRC. If the name change is due to such causes as change of controlling equity, merger and reorganization, or receivership of the foreign exchange, the foreign exchange shall file a new registration with the CSRC in accordance with Article 4 of this *Measures*.

A representative office which has changed its chief representative shall, after completing the change of business registration procedures with the competent market regulatory administration, submit to the local CSRC regional office a written report regarding the change together with Items (5) to (9) of Article 4 of this *Measures*.

A representative office which has changed its place of business shall, within five working days of such change, submit to the local CSRC regional office a written report indicating the phone number, fax number, and mailing address of its new place of business.

**Article 8** If a representative office plans for termination, a report, issued by the foreign exchange, shall be submitted to the local CSRC regional office at least twenty working days before the termination process commences, and another report shall be submitted to the local CSRC regional office within five working days of completing termination registration with competent market regulatory administration.

The foreign exchange shall be responsible for any unsettled matter following the termination of the representative office.

## **Chapter IV Regulatory Oversight and Administration**

**Article 9** A representative office and its staff shall not enter into any agreement or contract with any legal or natural person that will generate income for itself or its foreign exchange; or engaging in explicit or implicit profit-making activities; or provide direct trading access to entities or individuals in Chinese Mainland; or provide them with trading services in any manner through a member of the foreign exchange or other institutions; or conduct any other activity prohibited by laws and regulations.

**Article 10** A representative office and its staff can only engage in market promotion activities targeted at financial institutions or enterprises.

“Market promotion activities” include training sessions, conferences, seminars, and other not-for-profit activities organized by a representative office and its staff for financial institutions or enterprises. A representative office shall submit a report to the local CSRC regional office regarding a market promotion event within five working days after its conclusion.

During a market promotion event, the representative office and its staff shall not cover any specific products or provide trading related information, such as account opening, trading channels, and trading fees, nor make or accept any offer to buy or sell any securities, futures

contracts, or other financial products.

**Article 11** A representative office shall, within four months after the end of each year, submit to the local CSRC regional office a work report written in Chinese for that year, covering, among others, information on the Chinese companies listed on its foreign exchange and the Chinese-funded members of the foreign exchange.

The representative office shall, within four months after the end of each accounting year of the foreign exchange, submit to the local CSRC regional office the annual report of the foreign exchange for that year.

**Article 12** A representative office shall submit a Chinese report to the local CSRC regional office within ten days of any of the following events at its foreign exchange:

- (1) modification of its articles of association, business permit, name, registered capital, or place of registration;
- (2) spin-offs, consolidation, or other major merger, acquisition, or reorganization;
- (3) change of the chairman of the board of directors (or board of governors), general manager, legal representative, or another principal person-in-charge;
- (4) significant operating loss or major financial distress;

(5) subjecting to investigations, penalties, disciplinary sanctions, settlement, or other regulatory measures from the financial regulator of the country or region of its origin; or

(6) any other matter that has a material impact on its operations.

**Article 13** The CSRC or its regional offices will conduct on-site and off-site inspections on representative offices on regular or *ad hoc* basis.

If a representative office violates this *Measures*, the CSRC or its regional office can take regulatory actions against the chief representative and other directly responsible individuals of the representative office, including orders for corrections and rectification, regulatory talks, and warning letter. For severe offenses, the CSRC or its regional office can issue access ban on the chief representative and other directly responsible individuals from the securities and futures markets.

## **Chapter V Legal Liabilities**

**Article 14** If a foreign exchange establishes a representative office or engages in representative office activities without registering with competent market regulatory administration of the corresponding provincial-level people's government (including autonomous regions and municipalities), the CSRC regional office will notify the competent market regulatory administration to prosecute the case under rule of law.

If a foreign exchange has duly registered the representative office with



competent market regulatory administration but fails to register with the local CSRC regional office or fails to register within the prescribed time limit, the CSRC or its regional office will order the foreign exchange to rectify the situation. If such rectification is not completed by the prescribed time limit, a warning and a fine of no more than RMB 30,000 will be imposed.

**Article 15** If a representative office and its staff illegally engage in securities or futures business, such violations will be penalized by the CSRC or its regional office in accordance with the *Securities Law of the People's Republic of China*, the *Regulation on the Administration of Futures Trading*, and other applicable laws and regulations.

If a representative office and its staff illegally engages in any profit-making activity outside securities and futures sectors, the CSRC regional office will notify the local competent market regulatory administration and other competent authorities to prosecute the case under rule of law.

**Article 16** If a representative office and its staff, in violation of this *Measures*, engage in any of the following activities after registration, the CSRC or its regional office will demand rectification, issue a warning, and impose a fine of no more than RMB 30,000. If the offenses are severe, the CSRC can rescind the registration of the representative office:

- (1) submitting false materials or conceal facts through other fraudulent means when registration for the representative office;
- (2) failing to submit reports or materials to the CSRC regional office as required, or submit fraudulent reports or materials to conceal facts;
- (3) organizing market promotion activities without submitting a report as required;
- (4) refusing to or obstructing the inspection or supervision of the CSRC or its regional office, or submitting false documents or materials; or
- (5) other misconducts in violation of laws or regulations.

**Article 17** The CSRC will, in accordance with relevant provisions of this *Measures*, keep record of the violations and dishonest conducts of a representative office and its staff in the Securities and Futures Markets Integrity Database, publicize according to relevant rules, and share such records with competent foreign regulator.

## **Chapter VI Ancillary Provisions**

**Article 18** This *Measures* shall come into effect as of the day of official release. This *Measures* shall also be applicable to the establishment of representative offices in Chinese Mainland by exchanges from the Hong Kong Special Administrative Region, Macau Special Administrative Region, and the region of Taiwan. The previous version of *Measures for*

Please note: This courtesy translation is furnished for information purposes only.  
The original Chinese text is binding in all respects.  
以中文正式文件为准，英文译文仅供参考。

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*the Administration of Representative Offices of Foreign Stock and Futures Exchanges in China* [CSRC Decree No. 44] is simultaneously repealed.

Foreign exchanges who have already established representative offices or has engaged in representative office activities in Chinese Mainland prior to the official release of this *Measures* shall make registrations with the CSRC regional office within 12 months as of this *Measures* entering into force.

Courtesy Translation