



Regulatory

Developments

CSRC solicits opinions on Regulations on Foreign-invested Securities Companies

To deliver China's commitment to opening up the securities market that was made during the meeting between Chinese and American heads of state and to further open up the securities industry, CSRC revised the Rules on Establishment of Securities Companies with Foreign Equity and planned to replace it with the Regulations on Foreign-invested Securities Companies (draft for comment). CSRC is now soliciting opinions on the Regulations and the revisions mainly concern the following aspects:

First, foreign investors are allowed to invest in securities company as majority shareholder. Qualifications for domestic shareholders of the joint-stock securities company are the same as the shareholder qualifications for other securities companies.

Second, business scope of joint-stock securities company will be expanded gradually. Newly formed joint-stock securities company is allowed to apply to operate securities businesses according to law based on their own situation, but the initial business scope must be consistent with the business experience of the controlling or largest shareholder.

Third, equity ratio held by foreign investors in listed and non-listed securities company will be unified. The equity ratio held by overseas investors in listed domestic securities company is adjusted to be "no more than what China committed regarding the opening up of securities industry".

Fourth, restriction on the equity ratio held by individual overseas investor in listed securities company will be loosened. "Individual overseas investor can hold, through securities trade at the exchange or negotiated acquisition, or jointly hold with others, through negotiation or other arrangements, no more than 30% of the capital stock issued by a listed securities company".

Fifth, qualifications for overseas shareholders will be clarified. They should be financial institutions with sound international reputation and operating performance, their business scale, revenue and profit in the past three years should lead in the world, and they should have maintained good credit record in the past three years.

Sixth, relevant policies will be clarified concerning the change of nature of domestic securities company when domestic shareholder is no longer the actual controller.

[\(CSRC News\)](#) (Currently Available in Chinese)

CBRC, PBC, CSRC, CIRC and SAFE jointly release Opinions on Further Supporting Capital Instrument Innovation by Commercial Banks

To further support commercial banks to broaden the channels of capital replenishment, enhance the stability of the banking system and make banks more capable of supporting the real economy, CBRC, PBC, CSRC, CIRC and SAFE jointly released the Opinions on Further Supporting Capital Instrument Innovation by Commercial Banks.

The Opinions mainly includes the following contents. (1) Actively broaden the channels for capital instrument issuance. Give full play to the complementarity between domestic and overseas financial markets, make good use of both the domestic and overseas markets, support commercial banks in issuing capital instruments through multiple channels, and steadily expand the scale of issuance through multiple channels. (2) Study to develop more types of capital instruments. Summarize experience and study to improve auxiliary rules, and create favorable conditions for banks to issue capital instruments such as capital debenture without fixed term, convertible tier-2 capital debenture, capital debenture with fixed-term conversion clauses, and TLAC debt instruments. (3) Enlarge the investor base. On the precondition of risk prevention, study policies on investment in commercial bank's capital instruments by institutions such as social security fund, insurance company, securities organization and fund company, and enlarge the investor base for those capital instruments. (4) Simplify the approving procedure for capital instrument issuance. Perfect the approving procedures and improve the shelf offering system.

[\(CBRC News\)](#) (Currently Available in Chinese)

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