

Regulatory

Developments

1. CSRC holds symposium on the improvement of legal systems concerning the compensation for investors' damages

Attendees at the symposium had in-depth discussions in three aspects. First, how the regulator can support investors in protecting their civil rights and interests, including the application of supportive lawsuit, reconciliation payment, advanced payment, ordered repo, and ordered public commitment to enforced performance. Second, how to further improve the civil lawsuit institution in the field of securities, including the demonstration lawsuit system, lawsuit for public welfare, burden of proof for the division of responsibilities, and punitive damages. Third, how to give play to such social mechanisms as arbitration and mediation in the compensation for investors' damages, including professional arbitration system, small-sum dispute mediation system, and the connection between lawsuit and mediation.

[\(CSRCNews\)](#) (Currently Available in Chinese)

CBIRC issues Decision on Abolishing and Revising Regulations

CBIRC issued the Decision on Abolishing and Revising Regulations, which lifts the limit on foreign investor's equity ratio in Chinese banks and financial asset management companies, applies the same rules on equity investment ratio for Chinese and foreign investors, and promotes foreign investment. The Decision mainly includes contents in the following four aspects.

First, Regulations on Equity Investment of Overseas Financial Institutions in Chinese Financial Institutions is abolished. According to the national treatment principle, no separate rules are set on foreign investors' equity investment in Chinese financial institutions, and both Chinese and foreign investors follow the same rules on market access and administrative permission.

Second, the limit on the equity ratio of foreign investors in Chinese banks and financial asset management companies, as stated in the CBRC Regulations on Administrative Permission for Chinese Commercial Banks, CBRC Regulations on Administrative Permission for Rural Medium and Small Financial Institutions and CBRC Regulations on Administrative Permission for Non-banking Financial Institutions, is lifted. The following provisions in the three Regulations mentioned above are abolished: when single overseas financial institution and its affiliated parties invest, as initiator or strategic investor, in single Chinese commercial bank

and rural commercial bank, or as strategic investor in single financial asset management company, its equity ratio shall be no more than 20%; when multiple overseas financial institutions and their affiliated parties invest in the aforesaid institutions, their combined equity ratio shall be no more than 25%.

Third, the regulatory nature and legal applicability of Chinese banks with foreign investment is specified. On the principle that Chinese and foreign investors should be treated equally, it is specified that when overseas financial institutions invest in Chinese commercial banks and rural medium and small financial institutions, the recipients shall be subject to supervision and management according to their type at the time of investment regardless of foreign investment. This is to create a fair, open and transparent system of rules for Chinese and foreign investors to invest in the banking industry, and keep the regulatory rules and system stable and consistent.

Fourth, it is clearly stated that overseas financial institutions that invest in Chinese banks should observe basic Chinese laws regarding foreign investors' investment in China in addition to financial prudential regulations.

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

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