

# CHINA LEGAL BRIEFING\* 174

AUGUST 6 - 10, 2007



\* CHINA LEGAL BRIEFING is a weekly collection of Chinese law related news gathered from various media and news services, edited by WENFEI ATTORNEYS-AT-LAW LTD. distributed to its clients and CHINA LEGAL BRIEFING subscribers. WENFEI ATTORNEYS-AT-LAW LTD. does not accept responsibility for accuracy of quotes or truthfulness of content. CHINA LEGAL BRIEFING is not intended to provide advice.

- 1 Trial Measures for the Administration of Securities Investment Outside the Territory of China by Qualified Domestic Institutional Investors**
- 2 Measures for the Administration of Laundry and Dyeing Industry**
- 3 Interim Measures for the Administration of the Issuance of RMB Bonds in Hong Kong Special Administrative Region by Financial Institutions within the Territory of China**

## **Trial Measures for the Administration of Securities Investment outside the Territory of China by Qualified Domestic Institutional Investors**

合格境内机构投资者境外证券投资管理试行办法

Issued By **China Securities Regulatory Commission**  
Subject **QDII**  
Promulgated on **June 18<sup>th</sup> 2007**  
Effective from **July 5<sup>th</sup> 2007**  
Source **[www.csrc.org.cn](http://www.csrc.org.cn)**

The Trial Measures consist of 47 articles in 8 chapters, namely, General Rules; Qualification Requirements for QDII and Examination and Approval Procedures; Investment Consultant outside the Territory of China; Assets Custody; Capital Raising, Investment Operation and Information Disclosure; Quota and Capital Management; Surveillance and Administration; and Supplementary Rules.

Qualified domestic institutional investors (the “QDII”) referred to in the Trial Measures means fund management companies, securities companies and other securities institutions within the territory of China that satisfy the requirements as prescribed in the Trial Measures, raise funds within the territory of the People's Republic of China upon approval of China Securities Regulatory Commission (the “CSRC”), and implement securities investment management outside the territory of China in the form of portfolio by way of using part or all of the funds it has raised.

Where a QDII engages in the business of securities investment outside the territory of China, it shall entrust a commercial bank within the territory of China to take charge of asset custody, and may entrust a foreign securities service institution as an agent for buying and selling securities.

Investment consultant outside the territory of China referred to in the Trial Measures are those financial institutions outside the territory of China that comply with the requirements as prescribed in the Trial Measures, and provide suggestions for buying and selling securities or provide the management service of investment portfolio, etc. concerning the securities investment outside the territory of China to QDIIs in accordance with the contract, and obtain proceeds there from.

Where a QDII engages in the securities investment business outside the territory of China, there shall be a bank with a qualification for securities investment fund custody to take charge of the asset custody.

The investment in financial products or instruments of the Hong Kong Special Administrative Region or Macao Special Administrative Region by QDII shall be governed with reference to the Trial Measures.

The targeted raising of capital or the acceptance of targeted objects' asset authorization for the investment in the securities market outside the territory of China by a fund management company that has obtained the QDII qualification shall be governed with reference to the Trial Measures.

The directional asset management, specialized asset management business or the capital investment in the securities market outside the territory of China by a securities company that has obtained the QDII qualification shall be governed with reference to the Trial Measures.

## **Measures for the Administration of Laundry and Dyeing Industry**

### **洗染业管理办法**

<b>Issued By</b>	<b>Ministry of Commerce, State Environmental Protection Administration, State Administration for Industry and Commerce</b>
<b>Subject</b>	<b>Laundry and Dyeing</b>
<b>Promulgated on</b>	<b>May 11<sup>th</sup> 2007</b>
<b>Effective From</b>	<b>July 1<sup>st</sup> 2007</b>
<b>Source</b>	<a href="http://www.mofcom.gov.cn">www.mofcom.gov.cn</a>

The Measures shall apply to the laundry and dyeing operation within the territory of the People's Republic of China. "Laundry and Dyeing" mentioned in the Measures refers to such operation activities as washing, ironing, dyeing, and weaving of clothes and washing, maintaining of leather-made products and clothes.

The "Enclosure dry-cleaning machine" mentioned in the Measures shall refer to such dry cleaning machines as use Tetrachloroethylene or petroleum derivative solvent as dry-cleaning solvent, equipped with solvent recycled cooling system, in the process of deodorization the gas in machine and the work place do not exchange and waste gas does not discharge directly.

The "Open dry cleaning machine" mentioned in the Measures shall refer to such dry cleaning machines as use Tetrachloroethylene or petroleum derivative solvent as dry-cleaning solvent, use water-cooling recycling system to conduct deodorization by

absorbing fresh air and discharging dry-cleaning solvent and gas mixture discharged from the machine before opening the in-out gate.

The “Dyeing” herein shall refer to only the re-dyeing and dyeing of other colors in the washing and dyeing stores.

Where the washed clothes fail to meet the washing quality requirement or do not accord with the requirement reached with the consumers in advance or the clothes are damaged or lost because of the responsibilities of the operators, the operator shall reprocess it in light of different situation, refund the customer the dyeing fee or compensate the damage.

Where the quality of washed clothes fails to reach quality standard because the misguided washing mark or quality does not accord with national and professional standard requirement rather than it is the fault of the operator, the operator shall be exempted from the relevant responsibility.

The operator may undertake value-preserving washing in accordance with the willing of the consumers, i.e. the written washing agreement made by the operator and consumers about cost of washing, value-preserving cost, value-preserving amount and service content. Where the clothes subject to value-preserving are damaged or lost, or directly undermine the quality of the original clothes after washing, the operator shall compensate in accordance with the preserving amount agreed with the consumer.

To open washing and dyeing store and water washing factory shall accord with the relevant laws and standard requirement with respect to safety, sanitary, environmental protection, water saving, energy saving. The enclosure dry-cleaning making with purifying, recycling and dry-cleaning solvent functions shall be used in the newly build, altered, or extended washing and dyeing stores.

## **Interim Measures for the Administration of the Issuance of RMB Bonds in Hong Kong Special Administrative Region by Financial Institutions within the Territory of China**

境内金融机构赴香港特别行政区发行人民币债券管理暂行办法

Issued By	<b>People’s Bank of China &amp; National Development and Reform Commission</b>
Subject	<b>RMB Bonds in Hong Kong</b>
Promulgated on	<b>June 8<sup>th</sup> 2007</b>
Effective From	<b>June 8<sup>th</sup> 2007</b>
Source	<a href="http://www.pbc.gov.cn">www.pbc.gov.cn</a>

The “financial institutions within the territory of China” herein means the policy banks and commercial banks that are established within the territory of the People's Republic of China (excluding those in Hong Kong SAR, Macao SAR or Taiwan Area) according to relevant laws.

The “RMB bonds” herein means the securities that are issued in Hong Kong by financial institutions within the territory of China, valued by RMB, have a term of one year or more, and for which the principal and interests are repaid according to stipulation. The detailed term for bond issuance may be determined in light of the macro economic and financial status of the Mainland and the convertibility process of capital accounts.

In the case of issuing RMB bonds in Hong Kong, a financial institution within the territory of China shall submit application materials to the People's Bank of China (the “PBC”), and transmit a photocopy thereof to the National Development and Reform Commission (the “NDRC”) as well. The PBC shall, jointly with the NDRC, verify the qualification and scale of RMB bonds to be issued by financial institutions within the territory of China in Hong Kong, and report the decision to the State Council.

The State Administration of Foreign Exchange (the “SAFE”) shall make registration and statistical monitoring upon the RMB bonds that are issued in Hong Kong by financial institutions within the territory of China, check and ratify the repayment of principal and interests by financial institutions within the territory of China as well.

The financial institution within the territory of China and the distributing institution shall determine the interest rate or price for the issuance of RMB bonds through negotiations.

The sales, trading, registration, trusteeship, settlement of and information disclosure regarding RMB bonds in Hong Kong shall be subject to the relevant provisions as prescribed by Hong Kong.

© Wenfei, Beijing, 10 August 2007

Check the China Legal Briefing archives on: Check the China Legal Briefing archives on:

<http://www.wenfei.com/publications/html>

Obtain your personal subscription from: [clb@wenfei.com](mailto:clb@wenfei.com)