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1. *National*

Supreme Court Draft Interpretation on Insurance Disputes

On 8 December 2003, Supreme People's Court published its draft Interpretation on Certain Issues Regarding Adjudication of Insurance Disputes ("关于审理保险纠纷案件若干问题的解释") for comments. In addition to principles governing general matters such as formality of contracts, interpretation of policies, representation of the insured, and etc, the draft allocates provisions to commercial risk insurance and guarantee insurance under the title of property insurance. Moreover, the draft tries to balance the interests of different parties by recognizing coverage in grace period for premium, imposing stringent obligation upon the insurer of notification of exclusions, and forbidding the insurer to deny coverage on the ground of non-disclosure of immaterial matters by the insured. (www.court.gov.cn)

CGA Regulation on Bonded Warehouse

On 5 December 2003, Customs General Administration promulgated Provisions on Administration of Bonded Warehouses and Goods Kept Therein ("对保税仓库及所存货物的管理规定"), which will come into effect as of 1 February 2004. According to Provisions, bonded warehouse operations shall be enterprise legal persons registered at bureaus of industry and commerce

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and shall have minimum registered capital of RMB 3 million. The following items may be kept in bonded warehouses: (1) goods imported for processing trade; (2) goods for entrepote trade; (3) oil, materials and parts for maintenance of vessels and aircrafts conducting international journeys; (4) parts imported under consignment sale for the maintenance of foreign products; (5) goods temporarily entrusted by foreign business; (6) goods in the normal course of trade whose customs procedure has not been cleared. (www.customs.gov.cn)

CIRC Announcement on WTO Commitments

On 11 December 2003, China Insurance Regulatory Commission announced that as of the date of announcement foreign invested property insurance companies may conduct all the non-life insurance business except for statutory insurance business. Moreover, Fuzhou, Xia'men, Ningbo, Shenyang and Wuhan will be added to the list of cities open to foreign insurance companies. (www.circ.gov.cn)

CSRC Rules on Disclosure of Adjustment

On 1 December 2003, China Securities Regulatory Commission released Information Disclosure Rule No.19 for Public Listed Companies-Adjustment of Financial Information and Its Disclosure ("19"). According to Rule No.19, adjustment of information contained in previously published financial reports, either as a result of requests from supervisory authorities or due to decision by the Board to correct the discovered errors, shall be disclosed in the form of Special Report of Significant Events. In the event of adjusting annual reports of the preceding years, the adjusted reports shall be audited by accounting firms holding the qualifications for business related to securities and futures. In addition, the Rule No.19 prescribes detailed disclosure requirements for adjustments made under different circumstances. (www.csrc.gov.cn)

CSRC Regulation on Commission on Share Issuance Review

On 5 December 2003, China Securities Regulatory Commission released CSRC Provisional Measures on Commission on Share Issuance Review ("中国证券监督管理委员会股票发行审核委员会暂行办法"), which has taken effect as of the date of promulgation. According to the Measures, the Commission is empowered to review the applications for issuance of shares and reports of CSRC departments responsible for preliminary review of these applications. The Commission is comprised of 25 members, 5 from CSRC and 20 others from outside. When reviewing applications and other supporting documents, the Commission will establish a panel of 7 members, which will adopt its decision by vote. Any decision adopted shall obtain at least 5 votes in favor. No abstention is allowed. The CSRC will then make the final decision based on the opinion adopted by the Commission. (www.csrc.gov.cn)

MOH Circular on Medical and Dental Service Under CEPAs

On 28 November 2003, Ministry of Health released Circular on Implementation of Provisions Relevant to Medical and Dental Service Contained in Mainland-Hong Kong CEPA and Mainland-Macao CEPA (“关于落实《内地与香港关于建立更紧密经贸关系的安排》和《内地与澳门关于建立更紧密经贸关系的安排》中医疗及牙医服务有关问题的通知”), which will take effect as of 1 January 2004. According to the Circular, the majority of medical personnel employed by joint venture hospitals or clinics established by mainland parties and Hong Kong/Macao parties may be permanent residents of the two regions. In addition, permanent residents of Hong Kong and Macao may sit the National Examinations for Clinic, Traditional Chinese Medicine and Dentistry.

Moreover, the Circular sets out eligibility of permanent residents of Hong Kong and Macao who wish to sit the National Medical Qualification Examination in the appendix thereto. (www.moh.gov.cn)

CBRC Regulation on Foreign Investment in Chinese Financial Institutions

On 12 December 2003, China Banking Regulatory Commission promulgated Provisions on Administration of Investment from Overseas Financial Institutions to Chinese Financial Institutions (“境外金融机构投资入股中资金融机构管理办法”), which has put an end to the existent practice of special approval on each application and will commence its effect as of 31 December 2003. Under the Provisions, the term “overseas financial institutions” refers both to international financial institutions such as the World Bank and to foreign financial institutions incorporated in foreign countries. The Chinese financial institutions which may take in foreign investment include Chinese-invested financial institutions such as commercial banks, urban joint credit associations, rural joint credit associations, trust investment companies, corporation financial companies and financial lease companies, and etc. For eligibility of overseas financial institutions, the Provisions sets out standards from the perspectives of capital scale, rating rank, continuous profit, capital adequacy ratio, internal control, and supervision at place of incorporation. According to the Provisions, the ceiling of shareholding for a single overseas financial institution investor is 20%. (www.cbrc.gov.cn)

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