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1. *National*

Law on Digital Signature

中华人民共和国电子签名法

【**Issued By**】 Standing Committee of National People's Congress

【**Subject**】 Civil Procedure

【**Promulgated on**】 August 28th 2004

【**Effective From**】 April 1st 2005

【**Source**】 www.china.org.cn

Digital Signature for the purpose of this Law refers to electronic data contained in or attached to a digital document, the purpose of which is to identify the signatory and evidence acknowledgement from the signatory of the contents therein.

Parties may agree to use or not to use digital signatures and digital documents.

Where parties have agreed to use digital signatures and digital documents, the legal effects of the documents shall not be denied because of its electronic form. Nevertheless, this provision is not applicable in the following circumstances:

- Personal relationships such as matrimony, adoption and heritage;
- Transfer of real estate proprietary rights such as land and houses;

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Eingetragen im Anwaltsregister
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- Public utility services such as provision of water, heating, gas and electricity;
- Other circumstances under which digital signatures are prohibited by laws and administrative regulations.

Reliable Digital Signatures have the same legal effects as hand-written signatures and seals. Digital Signatures meeting the following conditions are treated as being reliable:

- The electronic data belongs exclusively to the signatories at the time when these data are used to create digital signatures;
- These data is solely controlled by the signatories at the time when the digital signatures are created;
- Changes to the Digital Signatures are able to be discovered after such signatures have been created;
- Changes to the contents of digital documents bearing Digital Signatures are able to be discovered after such signatures have been created;

Meanwhile, parties are free to conclude agreements upon conditions of reliable signatures used by them.

Revision to Company Law

全国人民代表大会常务委员会关于修改《中华人民共和国公司法》的决定

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【 Subject】 Commercial Law

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The most recent decision adopted by the Standing Committee of the NPC to revise Company Law deleted Article 131(2), which provides that "shares to be issued above par shall be subjected to the approval of the department of security administration under the State Council". According to the explanation introduced by the Legal Committee of the NPC, the deletion of this paragraph gives effect to the notion that the market instead of the government should determine issuing prices.

Revision to Securities Law

全国人民代表大会常务委员会关于修改《中华人民共和国证券法》的决定

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Two revisions were made to Securities Law at the latest meeting of the Standing Committee of the NPC. The first revision is made to Article 28, which echoes the revision to Company Law adopted at the same meeting, providing that "where shares are issued above par, the issuing price should be determined by an accord between the issuer and the underwriting securities company".

The second revision is related to public listing of corporate bonds. The revised Article 50 provides that applications for public listing of corporate bonds are subject to acknowledgement from securities exchanges in accordance with conditions and procedure provided by the law. The Legal Committee is of the view that the prior requirement that such applications are subject to approval from Department of State Council in charge of securities administration is unnecessary since the Department (CSRC) has exercised its approval power when the corporate bonds were issued.

Revision to Law on Negotiable Instruments

全国人民代表大会常务委员会关于修改《中华人民共和国票据法》的决定

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The most recent decision adopted by the Standing Committee of the NPC to revise Law on Negotiable Instruments deleted Article 75, which provided that "the qualification to issue promissory notes is subject to assessment and approval from the People's Bank of China, the detailed rules of which are to be set by the People's Bank of China".

The Legal Committee is of the view that promissory notes covered by Law on Negotiable Instruments are restricted to bank promissory notes, which is one of the basic banking businesses. Once banks have obtained

licenses to establish, it is unnecessary to conduct separate approval of their qualification to issue bank promissory notes.

Revision to Law on Auction

全国人民代表大会常务委员会关于修改《中华人民共和国拍卖法》的决定

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The most recent decision adopted by the Standing Committee of the NPC to revise Auction Law deleted Article 5(3) and Article 12(5), which provided that the auction industry as one of the special industries is subject to administration by authorities of public security; and that establishment of auction enterprises shall be licensed by authorities of public security.

The Legal Committee is of the view that the establishment of auction enterprises is subject to approval from the department of provincial governments in charge of auction industry. It is sufficient to notify the decisions of such departments to the authorities of public security for the purpose of administration of social order. The practice of granting the approval power upon public security authorities is unnecessary.

Guidelines for Risk Control of Real Estate Loans by Commercial Banks

商业银行房地产贷款风险管理指引

【Issued By】 China Banking Regulatory Commission (CBRC)

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Real Estate Loans for the purpose of the Guidelines refer to loans granted to financial development, operation and consumption of real estates, including Loans for Land Banking ("土地储备贷款") (Chapter 3), Loans for Real Estate Development ("房地产开发贷款") (Chapter 4), Loans for Personal Housing ("个人住房贷款") (Chapter 5), and Loans for Commercial Housing ("商业用房贷款"). It is applicable to all of the financial institutions granting Real Estate Loans including foreign invested banks.

To address potential risks associated with Real Estate Loans (Chapter 2), commercial banks are required to adopt risk policies, set forth different examination standards for each category of loans by elaborating assessment criteria, operation procedure, risk control, post-loan management, and selection of intermediary agencies. They are further required to establish internal control mechanisms, in regard to commercial, legal and operational risks inherent in real estate loan market.

There is no compulsory ratio limit upon real estate loans. The provision that real estate loans shall not exceed 30% of outstanding loans contained in the earlier draft has been deleted due to disagreement from interested parties. The power to set the limit is thus left with commercial banks themselves.

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