

CHINA LEGAL BRIEFING* 172

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Measures for the Administration of Information Disclosure of Commercial Franchises (Decree No. 16 of the Ministry of Commerce)

商业特许经营信息披露管理办法(中华人民共和国商务部令**第16号**)

Issued By	The Ministry of Commerce
Subject	Information Disclosure of Commercial Franchises
Promulgated on	April 30th 2007
Effective from	May 1st 2007
Source	www.mofcom.gov.cn

The Measures for the Administration of Information Disclosure of Commercial Franchises (the “Measures”) have been enacted for the purpose of safeguarding the legitimate rights and interests of franchisers and franchisees, the Measures are formulated under the Regulations for the Administration of Commercial Franchises (the “Regulations”). The Measures apply to commercial franchise activities within the territory of the People's Republic of China.

The associated company herein refers to the parent company of the franchiser, subsidiary company which the franchiser directly or indirectly owns in whole or the controlling interest thereof, company which the same owner owns in whole or the controlling interest with the franchiser directly or indirectly. The franchiser shall disclose the information as stipulated in the Measures in writing to the franchisee within at least 30 days before the day the franchise contract is signed based on the requirement of the Regulations, and provide the franchise contract. Before the franchiser discloses information to the franchisee, the former has the right to require the latter to sign Non-Disclosure Agreement.

The information disclosed by the franchiser shall include the following:

1. Basic information on the franchiser and franchise activities.
2. Basic information on the business resources of the franchiser.
3. Basic information on the franchise expenditure.
4. Information on prices and conditions of the products, services and equipment provided for the franchisee.
5. Information on providing continuous services to the franchisee.
6. The methods and content of guidance and supervision over the franchise activities of the franchisee.
7. Information on investment budget of the franchise network.
8. Information on the franchisee within the territory of China.
9. Abstracts of the franchiser's financial and accounting reports and of the audit reports in the last two years audited by the accounting firms or auditing firms.

10. Information on major litigation and arbitration concerning franchises of the franchiser in the latest five years.
11. Information on the record of major illegal operation of the franchiser and its legal representative, and records of major illegal operation.
12. Franchise Contract.

**Circular of the State Administration of Foreign Exchange on
Issues Concerning Foreign Exchange Administration Relating
to the Restructuring of Foreign-Funded Banks (Huifa [2007]
No. 15)**

国家外汇管理局关于外资银行改制所涉外汇管理有关问题的通知(汇发【2007】第15号)

Issued By	The State Administration of Foreign Exchange
Subject	Issues concerning Foreign Exchange Administration
Promulgated on	March 20th 2007
Effective From	March 20th 2007
Source	www.safe.gov.cn

A restructured solely foreign-funded bank shall succeed to the qualification of the original foreign bank branch that has been approved for developing spot foreign exchange settlement and sale, forward foreign exchange settlement and sale, RMB and foreign currency swap as well as other derivative business between RMB and foreign currencies, etc. With respect to the restructuring of a foreign bank branch that has obtained the custodian qualification for QFII, the successor of the custodial qualification shall be applied for approval to the State Administration of Foreign Exchange.

The State Administration of Foreign Exchange and the branches thereof shall manage the synthetic positions in the foreign exchange settlement and sale of solely foreign-funded banks by following the current management style. A solely foreign-funded bank may assume the limit of synthetic position in foreign exchange settlement and sale of the original foreign bank branch. The transfer of foreign exchange working capital between a restructured solely foreign-funded bank and the branches thereof may be handled by the bank independently.

In accordance with the Interim Measures for the Administration of Foreign Exchange Settlement and Sale Operations by Designated Foreign Exchange Banks (Decree No. 4, 2002 of the People's Bank of China), a restructured solely foreign-funded bank shall establish independent accounting items for foreign exchange settlement and foreign

exchange sale, it shall respectively treat foreign exchange settlement and sale for the clients, foreign exchange settlement and sale for self-purpose, sale of exceeding foreign exchange settlement and sale position within the system, as well as sale of exceeding foreign exchange settlement and sale position in the market, and carry out accounting treatment under the accounting item for foreign exchange settlement and that for foreign exchange sale separately.

A restructured solely foreign-funded bank shall inherit the original foreign bank branch's quotas for short-term external debts and the quotas for offering financing guarantee for Chinese-invested enterprises outside the territory of China, and shall apply for archival filing to the State Administration of Foreign Exchange and the foreign exchange branch of the place where it is located.

Where an bank outside the territory of China sets up an solely foreign-funded bank and a book-keeping bank within the territory of China simultaneously, the surplus quotas that is for short-term external debts and for providing financing guarantee for Chinese-invested enterprises outside the territory of China may be used by both the solely foreign-funded bank and the book-keeping bank, and the solely foreign-funded bank shall assume the management duties accordingly.

Provisions on the Administration of Sales Information Management Platforms of Securities Investment Funds (Zhengjianjijinzi [2007] No. 76)

证券投资基金销售业务信息管理平台管理规定(证监基金字【2007】第76号)

Issued By	China Securities Regulatory Commission
Subject	Securities Investment Funds
Promulgated on	March 15th 2007
Effective From	March 15th 2007
Source	www.csrc.gov.cn

The Provisions on the Administration of Sales Information Management Platforms of Securities Investment Funds (Zhengjianjijinzi [2007] No. 76) (the “Provisions”) have been promulgated for the purpose of regulating the securities investment fund sales information management, advancing the quality of information services provided to fund investors, and promoting the further development of securities investment fund sales business, and the Provisions are formulated in accordance with the Law on Securities Investment Funds and the Measures for the Administration of the Sales of Securities Investment Funds.

The Provisions consist of 41 articles in 7 chapters, namely, General Rules, Foreground Business Systems, Self-Service Foreground Systems, Background Management Systems, Submission of the Information to the Supervisory System, Administration of Information Management Platforms, and Supplementary Rules.

Sales information management platform of securities investment funds as referred to in the Provisions means the information systems that are used for the sales of funds by fund sales institutions, including foreground business systems, background management systems and support systems for applied systems. Fund sales institutions as referred to in the Provisions means the fund managers who carry out the subscription, purchase and redemption of fund units lawfully and other institutions that have obtained the qualification for fund underwriting business as well.

The CSRC and the agencies thereof shall be entitled to monitor the fund transactions, capital safety and other sales activities by its fund supervisory business information system. The CSRC and the agencies thereof shall be entitled to conduct on-site inspections of the information platforms of fund sales institutions, and may adopt monitoring measures accordingly under specific situation and the related laws and regulations if any major problem is found. As for fund managers and those institutions that have obtained the qualification for fund underwriting business, they shall complete the reconstruction of related information system within one year as of the implementation of the Provisions in accordance with the Provisions, and prepare for the on-site inspections of CSRC and the agencies thereof on the information management platform simultaneously.

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