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Circular on Implementing International Classification Standards for Enterprise Accounting Standards

关于实施企业会计准则通用分类标准的通知

【 Issued by 】 Ministry of Finance of the People's Republic of China

【 Subject 】 Implementing Classification Standards

【 Promulgated on 】 December 9, 2010

【 Effective from 】 January 1, 2011

【 Source 】 <http://www.kjs.mof.gov.cn>

The Ministry of Finance of the People's Republic of China (the "PRC") (the "MOF") issued the Circular on Promulgating International Classification Standards for Enterprise Accounting Standards (the "ICS") on October 19, 2010, which requires certain PRC companies listed on the New York Stock Exchange and certain accounting firms qualified to practice security and futures related business to employ this ICS from January 1, 2011. This circular also encourages other listed companies and large and middle scaled unlisted companies to apply the ICS. However, this circular does not disclose the detailed name list of the companies and accounting firms having to implement ICS, but saying that the specific name list will be issued in a separate notice later.

On the date of December 9, 2010, for the sake of promoting enterprise accounting and the implementation of ICS, the MOF issued the Circular on Implementing International Classification Standards for Enterprise Accounting Standards (the "Circular"), according to which the first batch of thirteen enterprises¹ (the "Required Enterprises") are required to prepare XBRL² financial reports of the year 2010 and extended classification standards based on the ICS with the technical support supplied by MOF's XBRL technical service team. Additionally, another twelve accounting firms³ (the "Required CPAs", collectively with the "Required Enterprises" as the "Required Units") are also required by this Circular to assist their clients which are domestic A-share companies and have entrusted those accounting firms to do auditing (the "Clients") in preparing XBRL financial reports of the year 2010 grounded on the ICS. The MOF will offer those accounting firms relevant software for free.

The requirements for the implementation of the ICS are as follows:

- (1) Those Required Units should set up a work group solely for the implementation of XBRL before the end of this year (2010).
- (2) Pursuant to the Circular on Promulgating International Classification Standards for Enterprise Accounting Standards, those Required Units should submit XBRL instance file and extended classification standards before May 31, 2011. The MOF

¹ Name list of the thirteen enterprises: Petro China Company Limited, China Petroleum & Chemical Corporation, Huaneng Power International Inc., China United Network Communication Limited, China Life Insurance Company Limited, Aluminum Corporation of China Limited, China Eastern Airlines Corporation Limited, China Southern Airlines Co., Ltd., Guangshen Railway Company Limited, Yanzhou Coal Mining Company Limited, ZTE Corporation, China Development Bank, and State Development & Investment Corporation.

² XBRL is acronym for extensible Business Reporting Language, meaning a freely available, market-driven, open, and global standard for exchanging business information.

³ Name list of the twelve accounting firms: BDO China Shu Lun Pan CPAs, Pan-China Certified Public Certified Accountants, BDO-Dahua CPAs, Shinewing Certified Public Accountants, Ernst & Young Hua Ming Certified Public Accountants, Crowe Horwath China CPAs Co., Ltd., Grant Thornton China CPAs, PwC China CPAs, Deloitte Touche Tohmatsu CPA Ltd., KPMG Huazhen CPAs, RSM China Certified Public Accountants, and Daxin Certified Public Accountants.

will check and verify the XBRL instance file and extended classification standards during the period from June 1, 2011 to June 30, 2011, each of the Required Units should fully cooperate with the MOF and made any amendment necessary. Such amendments shall be completed before June 30, 2011.

- (3) The first batch of Required Enterprises shall submit soft copy of XBRL instance file and extended classification standards straight to the MOF by email or other proper ways. The first batch of Required CPAs is responsible to submit extended classification standards and XBRL instance file of their Clients to the MOF through the management system of registered CPAs.
- (4) Referring to the XBRL instance file and extended classification standards as submitted by the first batch of Required Units, the Required Enterprises will be free from accounting liabilities, and the Required CPAs will be free from issuing auditing opinion on the instance file of their Clients.

Copyright Pledge Registration Measures

著作权质权登记办法

【Issues by】 National Copyright Administration of the P.R.C.

【Subject】 Copyright Pledge Registration

【Promulgated on】 November 25, 2010

【Effective from】 January 01, 2011

【Source】 <http://www.ncac.gov.cn>

For the purpose of adjusting the current Copyright Pledge Contract Registration Measures (the “Old Measure”) dated September 23, 1996 to comply with the Property Law of the People’s Republic of China (the “PRC”) (the “Property Law”) and the amended Copyright Law of the PRC (the “Copyright Law”) approved on February 26, 2010, the National Copyright Administration of the PRC (the “NCAC”) promulgated the Copyright Pledge Registration Measures (the “New Measure”) on November 25, 2010 which will be in force on January 01, 2011.

One of the most significant changes to the Old Measure is the objective of the measure. The Old Measure aims to regulate copyright pledge contract registration, while the new one is applied to copyright pledge registration. This revision is led by the introduction of the Property Law. Pursuant to the Old Measure, copyright pledge contract shall not take effect without the issuance of “Certificate of Copyright Pledge Contract Registration”, which means the copyright pledge contract can only be valid after its registration. However, as provided in the Property Law, in the case of the pledge of registered trademark rights, patent rights, copyrights or other property rights in the intellectual property, the right of pledge shall be established when the relevant competent authority has registered the pledge. This provision supersedes the previous one with respect to the pledge of intellectual property right stipulated in the Guarantee Law of the PRC which provides that the pledge contract goes into effect as of the date of registration. Therefore, the New Measure makes corresponding revision that registration will not be a condition precedent to the validity of the pledge contract, but that to the establishment of pledge itself.

Another essential change is the registration authority. In accordance with the Old Measure, the NCAC is entitled to appoint certain organization to be the registration authority⁴, but pursuant to Article 26 of the amended Copyright Law, the pledgeor and the pledgee shall register the copyright pledge at the NCAC. Therefore, the New Measure has been revised to reflect such alteration.

Moreover, pursuant to this New Measure, the registration authority shall set up Copyright Pledge Registration Book (the “Book”) in addition to the issuance of the Certificate of Copyright Pledge Registration (the “Certificate”). The Book will record: basic information of the pledgeor and pledgee, the main content of the copyright pledge contract, registration number of the copyright pledge, date of registration, withdrawal of the registration (if any), change to the registration (if any), cancellation of the registration (if any), and other required information. With regard to the contradictions between the Certificate and record on the Book, based on Article 25 of the New Measure, if the information contained in the Certificate is different from that in the Book, then the Book shall prevail, since the Book is for public access.

Administrative Measures for Commercial Housing Leases

商品房屋租赁管理办法

【Issued by】 Ministry of Housing and Urban-Rural Development of the People’s Republic of China

【Subject】 Commercial Housing Leases

【Promulgated on】 December 01, 2010

【Effective from】 February 01, 2011

【Source】 <http://www.gov.cn>

On December 01, 2010, the Ministry of Housing and Urban-Rural Development of the People’s Republic of China (the “PRC”) (the “MOHURD”) issued Order No. 6, the Administrative Measures for Commercial Housing Leases (the “New Measure”), which will take effect on February 01, 2011, and the old Administrative Measures for Urban Housing Leases (the “Old Measure”) will be abolished at the same time.

The key issues of this Measure are as follows:

- (1) Specifying the scope of Commercial Housing

According to Article 2, the lease of all commercial houses located within the zone of urban planning zone shall be regulated by this New Measure.

- (2) Strengthening the obligation of management authority

As provided in Article 5, construction (real estate) department of municipality with provincial level, city, and county shall publish the rent level on the housing lease market for different type of houses located in different districts.

⁴ According to the No. 11 Order issued by the NCAC in 2002, Copyright Protection Center of the PRC is the registration authority for copyright pledge contract.

(3) Conditions in which commercial houses are not allowed to be leased

Compared with the Old Measure, such conditions have shrunk from nine to four as: i) illegal construction; ii) inconsistent with the mandatory requirements on safety and fire proof; iii) illegally changing the purpose of the house; and iv) conditions required by other laws and regulations.⁵

(4) Setting requirements on minimum lease unit

The New Measure stipulates that the original designs of the rooms should be the minimum lease units and that the rented building's per capita floor area should not be lower than the minimum standards stipulated by local people's government. Moreover, kitchen, bathroom, lavatory, terrace, and basement shall not be leased for residence.

(5) Escalation of the rent

It is newly provided that the lessor shall not escalate the rent unilaterally.

(6) Registration of housing lease for archive purpose

Despite the requirements on the registration of the lease contract in the Old Measures, it is the first time as provided in the New Measure that if both parties of the lease contract fail to register the lease contract following Article 146, then relevant parties will be fined. While in the old one, it provides no punishment on those who fail to register the lease contract.

(7) Further protection of the right of the lessee

In the Old Measure, in case the death of the lessee occurs within the term of the lease contract, only family members who lived with the lessee more for than two years when he was alive are entitled to continuously live in the leased house. However, according to the New Measure, in the same circumstances mentioned above, any person who lived with the lessee when he was alive is allowed to continuously rent the house based on the original lease contract.

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⁵ This New Measure lifts the restrictions on lease of houses as : i) houses without legal real estate ownership; ii) houses to be sealed as decided by relevant judicial or administrative department, or houses with their ownership rights being restricted for any other reasons; iii) without the permit of co-owners; iv) ownership in disputes; v) without the permit of mortgagee.

⁶ Article 14 of the New Measure: parties of the lease contract shall register the lease contract at the local construction (real estate) management department of municipality of provincial level, city, or county within 30 days after the execution of the lease contract.