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Regulation Details

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The Securities Law of the People's Republic of China was amended and adopted at the Fifteenth Session of the Standing Committee of the Thirteenth National People's Congress of the People's Republic of China on 28 December 2019, and shall come into force on 1 March 2020.

President of the People's Republic of China Xi Jinping
27 December 2019

Chapter I General Provisions

Article 1

These Regulations are formulated to regulate securities issuance and trading activities, protect the lawful rights and interests of investors, safeguard the socio-economic order and public interest, and promote the development of the socialist market economy.

Article 2

Within the territory of the People's Republic of China, the issuance and trading of shares, corporate bonds, depositary receipts, and other securities lawfully recognised by the State Council shall be governed by this Law. Where this Law does not provide for a matter, the provisions of the Company Law of the People's Republic of China and other laws and administrative regulations shall apply.

The listing and trading of government bonds and securities investment fund shares shall be governed by this Law; where other laws or administrative regulations contain separate provisions, such provisions shall apply. The administrative measures for the issuance and trading of asset-backed securities and asset management products shall be stipulated by the State Council in accordance with the principles of this Law.

Where securities issuance or trading activities conducted outside the territory of the People's Republic of China disrupt market order within the territory or infringe upon the lawful rights and interests of domestic investors, legal liability shall be pursued in accordance with the relevant provisions of this Law.

Article 3

The issuance and trading of securities shall be conducted in accordance with the principles of openness, fairness and impartiality.

Article 4

Parties to securities issuance and trading activities shall enjoy equal legal status and shall observe the principles of voluntariness, remuneration and good faith.

Article 5

The issuance and trading of securities must comply with laws and administrative regulations; fraudulent practices, insider trading, and market manipulation are prohibited.

Article 6

The securities industry shall be operated and managed separately from the banking, trust, and insurance industries. Securities companies shall be established separately from banking, trust, and insurance institutions, except where otherwise provided by the State.

Article 7

The State Council's securities regulatory authority shall exercise centralised and unified supervision over the national securities market in accordance with the law.

The State Council Securities Regulatory Authority may establish branch offices as required to exercise supervisory and regulatory duties in accordance with delegated authority.

Article 8

The State Audit Authority shall conduct audit supervision over securities trading venues, securities companies, securities registration and settlement institutions, and securities regulatory authorities in accordance with the law.

Chapter II Securities Issuance

Article 9

The public issuance of securities shall comply with the conditions stipulated by laws and administrative regulations, and shall be registered with the securities regulatory authority of the State Council or the department authorised by the State Council in accordance with the law. No entity or individual may publicly issue securities without registration in accordance with the law. The specific scope and implementation steps of the securities issuance registration system shall be prescribed by the State Council.

The following shall constitute a public offering:

- (1) Issuing securities to unspecified persons;
- (2) Issuing securities to specified persons where the cumulative number exceeds two hundred persons, excluding employees participating in employee share ownership schemes implemented in accordance with the law;
- (iii) other issuance activities stipulated by laws and administrative regulations.

Securities issued privately shall not be offered through advertising, public solicitation, or disguised public means.

Article 10

Where an issuer applies for a public offering of shares or convertible bonds into shares and adopts an underwriting arrangement in accordance with the law, or where a public offering is subject to the sponsor system as stipulated by laws or administrative regulations, the issuer shall engage a securities company to act as sponsor.

Sponsors shall comply with business rules and industry standards, act with integrity and diligence, conduct prudent verification of the issuer's application documents and information disclosure materials, and supervise the issuer to ensure compliance with regulations. The management measures for sponsors shall be prescribed by the State Council securities regulatory authority.

Article 11

The establishment of a joint-stock limited company for the public issuance of shares shall comply with the conditions stipulated in the Company Law of the People's Republic of China and the requirements prescribed by the State Council Securities Regulatory Authority with the approval of the State Council. The company shall submit an application for share subscription and the following documents to the State Council Securities Regulatory Authority:

- (1) Articles of association;
- (2) The promoters' agreement;
- (3) Names or designations of promoters, number of shares subscribed by promoters, types of capital contributions, and capital verification certificates;
- (iv) Prospectus;
- (5) Name and address of the bank collecting share subscriptions;
- (vi) Name of the underwriting institution and relevant agreements.

Where a sponsor is engaged in accordance with the provisions of this Law, the issuance sponsorship letter issued by the sponsor shall also be submitted.

Where laws or administrative regulations stipulate that the establishment of a company must be approved, the corresponding approval documents shall also be submitted.

Article 12

A company undertaking an initial public offering of new shares shall meet the following conditions:

- (1) Possession of sound and well-functioning organisational structures;
- (2) Possession of sustainable operational capacity;
- (iii) Financial accounting reports for the preceding three years shall have been issued with unqualified audit opinions;
- (iv) Neither the issuer nor its controlling shareholders or actual controllers shall have been convicted of criminal offences involving embezzlement, bribery, misappropriation of property, misappropriation of assets, or disruption of the socialist market economy order within the preceding three years;
- (v) meet any other conditions stipulated by the State Council Securities Regulatory Authority approved by the State Council.

Listed companies issuing new shares shall comply with the conditions stipulated by the State Council Securities Regulatory Authority approved by the State Council. Specific management measures shall be prescribed by the State Council Securities Regulatory Authority. Public offerings of depositary receipts shall meet the conditions for initial public offerings of new shares and other conditions stipulated by the State Council Securities Regulatory Authority.

Article 13

When a company publicly issues new shares, it shall submit an application for share subscription and the following documents:

- (i) the company's business licence;
- (2) Articles of association;
- (3) Resolution of the shareholders' meeting;
- (iv) Prospectus or other public offering documents;
- (v) Financial accounting reports;
- (vi) Name and address of the bank collecting subscription payments.

Where a sponsor is appointed in accordance with this Law, the issuance sponsorship letter issued by the sponsor shall also be submitted. Where underwriting is implemented in accordance with this Law, the name of the underwriting institution and relevant agreements shall also be submitted.

Article 14

The company shall use the funds raised through the public offering of shares strictly in accordance with the purposes specified in the prospectus or other public offering documents. Any change in the use of such funds shall be subject to approval by the shareholders' meeting. Where the use of funds is altered without authorisation and no corrective action is taken, or where such alteration is not approved by the shareholders' meeting, no new shares may be publicly offered.

Article 15

Public offerings of corporate bonds shall meet the following conditions:

- (1) Possession of sound and effectively functioning organisational structures;
- (2) The average distributable profits over the preceding three years must be sufficient to cover one year's interest on the bonds;
- (3) Other conditions stipulated by the State Council.

Funds raised through the public issuance of corporate bonds must be utilised in accordance with the designated purposes specified in the bond offering prospectus. Any alteration to the intended use of funds requires a resolution passed by a bondholders' meeting. Funds raised through corporate bonds shall not be used to cover losses or non-productive expenditures.

Where a listed company issues bonds convertible into shares, it shall, in addition to meeting the conditions stipulated in the first paragraph, comply with the provisions of the second paragraph of Article 12 of this Law. However, this shall not apply where the listed company converts the bonds by acquiring its own shares in accordance with the company's articles of association.

Article 16

Applications for the public issuance of corporate bonds shall be submitted to the department authorised by the State Council or the securities regulatory authority of the State Council, accompanied by the following documents:

- (1) The company's business licence;
- (2) Articles of association;
- (3) The bond offering prospectus;
- (iv) Other documents as prescribed by the department authorised by the State Council or the securities regulatory authority of the State Council.

Where a sponsor is engaged in accordance with the provisions of this Law, the issuance sponsorship letter issued by the sponsor shall also be submitted.

Article 17

No further public issuance of corporate bonds shall be permitted where any of the following circumstances exist:

- (1) Where there exists a continuing state of default or delay in the payment of principal and interest on previously publicly issued corporate bonds or other debts;
- (2) The use of funds raised through the public issuance of corporate bonds has been altered in violation of the provisions of this Law.

Article 18

The format and method of submission for application documents submitted by issuers applying for the public issuance of securities in accordance with the law shall be prescribed by the institution or department responsible for registration in accordance with the law.

Article 19

The securities issuance application documents submitted by the issuer shall fully disclose the information necessary for investors to make value judgements and investment decisions, and the content shall be true, accurate and complete. Securities service institutions and personnel issuing relevant documents for the securities issuance must strictly perform their statutory duties and ensure the authenticity, accuracy and completeness of the documents issued.

Article 20

Where an issuer applies for an initial public offering of shares, it shall, after submitting the application documents, disclose the relevant application documents in advance in accordance with the provisions of the securities regulatory authority of the State Council.

Article 21

The State Council Securities Regulatory Authority or the department authorised by the State Council shall be responsible for the registration of securities issuance applications in accordance with statutory conditions. The specific measures for the registration of public offerings of securities shall be prescribed by the State Council.

In accordance with the provisions of the State Council, stock exchanges and similar institutions may review applications for the public issuance of securities, assess whether the issuer meets the issuance conditions and information disclosure requirements, and urge the issuer to improve the information content.

Persons involved in the registration of securities issuance applications pursuant to the preceding two paragraphs shall not have any interest in the applicant, shall not directly or indirectly accept gifts from the applicant, shall not hold securities subject to the application, and shall not engage in private contact with the applicant.

Article 22

The securities regulatory authority of the State Council or the department authorised by the State Council shall, within three months from the date of acceptance of the securities issuance application documents, make a decision on registration in accordance with statutory conditions and procedures, excluding any time required for the issuer to supplement or amend the application documents. Where registration is refused, reasons shall be provided.

Article 23

Following registration of the securities issuance application, the issuer shall, in accordance with laws and administrative regulations, publicly announce the offering documents prior to the public issuance of securities and make such documents available for public inspection at designated locations.

Prior to the lawful disclosure of information concerning the issuance of securities, no person

possessing such information shall publicly disclose or divulge it. The issuer shall not issue

securities before announcing the public offering prospectus.

Article 24

Where the State Council Securities Regulatory Authority or a department authorised by the State Council discovers that a decision on securities issuance registration does not comply with statutory conditions or procedures, and the securities have not yet been issued, it shall revoke the decision and halt the issuance. Where the securities have been issued but not yet listed, the issuance registration decision shall be revoked, and the issuer shall refund the securities holders at the issuance price plus interest calculated at the prevailing bank deposit rate for the same period. The controlling shareholder, actual controller, and sponsor shall bear joint and several liability with the issuer, except where they can prove they were not at fault.

Where a stock issuer conceals material facts or fabricates significant false information in prospectuses or other securities issuance documents, and the securities have been issued and listed, the securities regulatory authority of the State Council may order the issuer to repurchase the securities, or order the responsible controlling shareholders or actual controllers to repurchase the securities.

Article 25

Following the lawful issuance of shares, the issuer shall bear sole responsibility for any subsequent changes in its operations and profits; investors shall bear sole responsibility for any investment risks arising from such changes.

Article 26

Where securities issued by an issuer to unspecified persons are required by laws or administrative regulations to be underwritten by a securities company, the issuer shall enter into an underwriting agreement with the securities company. Securities underwriting business or the method of underwriting.

A securities agency sale refers to a method of underwriting whereby a securities company sells securities on behalf of the issuer and returns all unsold securities to the issuer at the end of the underwriting period.

Securities underwriting refers to the underwriting method whereby a securities company purchases all of the issuer's securities in accordance with the agreement, or purchases all unsold securities at the end of the underwriting period.

Article 27

Issuers of publicly offered securities shall have the right to independently select the securities company for underwriting in accordance with the law.

Article 28

When underwriting securities, a securities company shall enter into an agency or firm underwriting agreement with the issuer, which shall specify the following matters:

- (1) The names, addresses and names of the legal representatives of the parties;
- (2) The type, quantity, amount, and issue price of the securities to be sold on consignment or underwritten;
- (3) The term and commencement and expiry dates of the agency or underwriting;
- (iv) The payment method and dates for the agency sale or underwriting;
- (v) The fees and settlement methods for the agency or underwriting;
- (vi) Liability for breach of contract;
- (vii) Other matters prescribed by the securities regulatory authority of the State Council.

Article 29

When underwriting securities, a securities company shall verify the authenticity, accuracy and completeness of the public offering prospectus. Should it discover any false records, misleading statements or material omissions, it shall immediately cease sales activities; where sales have already commenced, it must immediately halt sales activities and take corrective measures.

When underwriting securities, a securities company shall not engage in any of the following conduct:

- (i) Engaging in false or misleading advertising or other promotional activities that mislead investors;
- (2) Soliciting underwriting business through unfair competitive practices;
- (iii) other acts that violate the regulations governing securities underwriting business.

Where a securities company commits any of the acts listed in the preceding paragraph and causes losses to other securities underwriting institutions or investors, it shall bear liability for compensation in accordance with the law.

Article 30

Where securities are issued to unspecified persons and an underwriting syndicate is engaged for underwriting, the syndicate shall comprise lead underwriters and participating securities companies.

Article 31

The maximum period for the underwriting or sale of securities on behalf of others shall not exceed ninety days.

During the agency or underwriting period, a securities company shall ensure that the securities under agency or underwriting are sold first to subscribers. A securities company shall not reserve for itself any securities under agency or purchase in advance any securities under underwriting.

Article 32

Where shares are issued at a premium, the issue price shall be determined through consultation between the issuer and the underwriting securities company.

Article 33

Where shares are issued by way of agency and, upon expiry of the agency period, the number of shares sold to investors does not reach seventy per cent of the intended public offering, the issue shall be deemed a failure. The issuer shall refund the subscription price to the subscribers, plus interest calculated at the prevailing bank deposit rate for the same period.

Article 34

Where shares are publicly issued and the agency or underwriting period expires, the issuer shall, within the prescribed time limit, report the details of the share issuance to the State Council securities regulatory authority for filing.

Chapter III Securities Trading

Article 35

Securities traded by parties to securities transactions must be lawfully issued and delivered.

Securities not lawfully issued shall not be traded.

Article 36

Securities lawfully issued shall not be transferred within the restricted period specified in the Company Law of the People's Republic of China or other laws.

Shareholders holding more than five per cent of the shares of a listed company, its actual controllers, directors, supervisors, senior management personnel, and other shareholders holding shares issued by the issuer to specific parties prior to its initial public offering shall, when transferring their holdings of the company's shares, not violate the provisions of laws, administrative regulations, and the State Council's securities regulatory authority concerning holding periods, sale quantities, sale methods, information disclosure, etc., and shall comply with the business rules of the securities exchange.

Article 37

Securities issued through public offerings shall be listed for trading on a lawfully established stock exchange or traded on other national securities trading venues approved by the State Council.

Securities issued through private placements may be transferred on stock exchanges, other national securities trading venues approved by the State Council, or regional equity markets established in accordance with State Council regulations.

Article 38

Securities listed for trading on a stock exchange shall be traded through open, centralised trading methods or other methods approved by the State Council's securities regulatory authority.

Article 39

Securities traded by parties to a securities transaction may be in paper form or in other forms prescribed by the securities regulatory authority of the State Council.

Article 40

Employees of securities trading venues, securities companies, and securities registration and settlement institutions; staff of securities regulatory authorities; and persons prohibited by laws or administrative regulations from participating in stock trading shall not, during their term of office or within the statutory period, directly or indirectly hold or trade stocks or other securities of an equity nature, whether under their own name, an alias, or through another person. Nor shall they accept stocks or other securities of an equity nature as gifts from others.

Any person who becomes subject to the provisions of the preceding paragraph must lawfully transfer any shares or other equity securities held by them prior to such designation.

Employees of securities companies implementing equity incentive schemes or employee shareholding schemes may hold or sell shares in their company or securities of an equivalent nature in accordance with the regulations of the State Council's securities regulatory authority.

Article 41

Securities trading venues, securities companies, securities registration and settlement institutions, securities service providers and their staff shall keep investors' information confidential in accordance with the law and shall not unlawfully trade, provide or disclose such information.

Securities trading venues, securities companies, securities registration and settlement institutions, securities service institutions and their employees shall not disclose any trade secrets that come to their knowledge.

Article 42

Securities service providers and personnel who issue audit reports or legal opinions for securities offerings shall not trade in such securities during the underwriting period and for six months thereafter.

Notwithstanding the foregoing, securities service providers who issue audit reports or legal opinions for issuers, their controlling shareholders, actual controllers, acquirers, or parties to major asset transactions shall not trade in the relevant securities from the date of accepting the commission until five days after the public release of such documents. Where the actual commencement of the relevant work precedes the date of accepting the commission, trading shall be prohibited from the date of actual commencement until five days after the public release of such documents.

Article 43

Fees for securities transactions shall be reasonable, and the fee items, standards, and management measures shall be publicly disclosed.

Article 44

Shareholders holding more than five per cent of the shares, directors, supervisors, or senior management personnel of a listed company or a company whose shares are traded on other national securities trading venues approved by the State Council shall, if they sell the company's shares or other securities of an equity nature within six months of purchase, or purchase such shares or securities within six months of sale, transfer any resulting gains to the company. The company shall recover such gains. However, this shall not apply to securities companies holding more than five per cent of the shares due to purchasing unsold shares after underwriting, or to other cases specified by the securities regulatory authority of the State Council.

The shares or other equity securities held by directors, supervisors, senior management personnel, and natural person shareholders referred to in the preceding paragraph shall include those held by their spouses, parents, children, or those held through their use.

Where the board of directors of a company fails to comply with the provisions of the preceding paragraph, shareholders shall have the right to require the board to comply within thirty days. Where the board of directors fails to comply within the aforementioned period, shareholders shall have the right to bring legal proceedings directly to the People's Court in the name of the company.

Where the board of directors fails to comply with the provisions of the first paragraph, the directors responsible shall bear joint and several liability in accordance with the law.

Article 45

Where trading instructions are automatically generated or issued through computer programmes for algorithmic trading, such activities shall comply with the provisions of the securities regulatory authority of the State Council and shall be reported to the securities exchange, provided that they do not compromise the security of the securities exchange system or disrupt the normal trading order.

Section II Listing of Securities

Article 46

Applications for the listing of securities for trading shall be submitted to the stock exchange, which shall review and approve them in accordance with the law, and both parties shall enter into a listing agreement. The stock exchange shall arrange for the listing and trading of government bonds in accordance with the decisions of the department authorised by the State Council.

Article 47

Applications for the listing of securities for trading shall meet the listing conditions stipulated in the listing rules of the stock exchange.

The listing conditions stipulated in the listing rules of the stock exchange shall set requirements concerning the issuer's years of operation, financial status, minimum public offering ratio, corporate governance, integrity record, and other matters.

Article 48

Where listed securities fall under circumstances for termination of listing as prescribed by the stock exchange, the stock exchange shall terminate their listing in accordance with its business rules. Where the stock exchange decides to terminate the listing of securities, it shall promptly announce the decision and report it to the securities regulatory authority of the State Council for the record.

Article 49

Where a party is dissatisfied with a decision made by the stock exchange to refuse listing or to terminate listing, it may apply to the review body established by the stock exchange for a review.

Section III Prohibited Trading Practices

Article 50

Persons privy to inside information concerning securities transactions and persons who have unlawfully obtained such inside information shall be prohibited from engaging in securities transactions using such inside information.

Article 51

Persons privy to inside information in securities transactions include:

- (1) The issuer and its directors, supervisors, and senior management personnel;
- (2) Shareholders holding five per cent or more of the company's shares and their directors, supervisors, and senior management personnel; the company's actual controllers and their directors, supervisors, and senior management personnel;
- (3) Companies controlled or held by the issuer, and their directors, supervisors, and senior management personnel;
- (iv) Persons who may obtain relevant inside information due to their position within the company or business dealings with the company;
- (v) Acquirers of listed companies or parties to major asset transactions, and their controlling shareholders, actual controllers, directors, supervisors and senior management personnel;
- (vi) Relevant personnel of securities trading venues, securities companies, securities registration and settlement institutions, and securities service providers who may obtain inside information due to their duties or work;
- (vii) Staff of securities regulatory authorities who may obtain inside information by virtue of their duties or work;
- (viii) Personnel of relevant competent authorities and regulatory bodies who may obtain inside information due to their statutory duties in managing the issuance or trading of securities, or the acquisition or major asset transactions of listed companies;
- (ix) Other persons specified by the State Council securities regulatory authority as having access to inside information.

Article 52

In securities trading activities, unpublished information concerning the issuer's operations, finances, or having a significant impact on the market price of the issuer's securities shall constitute inside information. The major events listed in Article 80, Paragraph 2 and Article 81, Paragraph 2 of this Law shall be deemed inside information.

Article 53

Persons privy to insider information concerning securities transactions, or persons who have unlawfully obtained such information, shall not trade in the securities of the company, disclose the information, or advise others to trade in the securities of the company prior to the public disclosure of the insider information.

Where a natural person, legal person, or unincorporated organisation holding, or jointly holding with others through agreements or other arrangements, more than five per cent of the shares of a company acquires shares of a listed company, the provisions of this Law shall apply.

Where insider trading causes losses to investors, the parties involved shall bear liability for compensation in accordance with the law.

Article 54

It shall be prohibited for employees of securities trading venues, securities companies, securities registration and settlement institutions, securities service institutions, and other financial institutions, or personnel of relevant regulatory authorities or industry associations, to engage in securities trading activities related to such information, or to explicitly or implicitly suggest others to engage in such activities, in violation of regulations, based on other undisclosed information obtained through their official positions, other than insider information.

Where trading based on undisclosed information causes losses to investors, the person shall bear liability for compensation in accordance with the law.

Article 55

No person shall manipulate the securities market by any of the following means to influence or attempt to influence the price or volume of securities transactions:

- (1) Acting alone or through collusion, concentrating capital advantages, shareholding advantages, or utilising information advantages to jointly or continuously trade;
- (2) Colluding with others to conduct securities transactions at predetermined times, prices, and methods;
- (3) Conducting securities transactions between accounts under one's actual control;
- (iv) Frequently or substantially placing and cancelling orders without the intention to execute transactions;
- (v) inducing investors to trade securities by disseminating false or uncertain material information;
- (vi) Publicly issuing evaluations, forecasts, or investment recommendations concerning securities or issuers, and subsequently executing counter-transactions in those securities;
- (vii) Manipulating the securities market by means of activities in other related markets;
- (viii) Other means of manipulating the securities market.

Where securities market manipulation causes losses to investors, the responsible parties shall bear liability for compensation in accordance with the law.

Article 56

No entity or individual shall fabricate or disseminate false or misleading information that disrupts the securities market.

Securities trading venues, securities companies, securities registration and settlement institutions, securities service providers and their employees, securities industry associations, securities regulatory authorities and their staff shall not make false statements or provide misleading information in their activities.

All media outlets disseminating securities market information must ensure its truthfulness and objectivity, and shall not engage in misleading practices. Media organisations and their personnel engaged in securities market reporting shall not undertake securities transactions that conflict with their professional duties.

Any person who fabricates or disseminates false or misleading information, thereby disrupting the securities market and causing losses to investors, shall bear liability for compensation in accordance with the law.

Article 57

Securities firms and their employees shall be prohibited from engaging in the following acts detrimental to client interests:

- (1) Trading securities on behalf of clients in contravention of their instructions;
- (2) Failing to provide clients with transaction confirmation documents within the stipulated timeframe;
- (iii) Trading securities for clients without their authorisation, or trading securities under the pretence of acting on behalf of clients;
- (iv) Inducing clients to engage in unnecessary securities transactions for the purpose of obtaining commission income;
- (v) Any other conduct that contravenes the client's genuine intentions and harms their interests.

Where a violation of the preceding provisions causes loss to a client, the party responsible shall bear liability for compensation in accordance with the law.

Article 58

No entity or individual shall, in contravention of regulations, lend their own securities account or borrow another person's securities account for the purpose of engaging in securities transactions.

Article 59

Channels for capital entering the market shall be broadened in accordance with the law, and the illegal flow of funds into the stock market shall be prohibited.

Investors shall be prohibited from unlawfully utilising fiscal funds or bank credit funds to trade securities.

Article 60

State-owned sole proprietorship enterprises, state-owned sole proprietorship companies, and state-capital-controlled companies shall comply with relevant national regulations when trading listed shares.

Article 61

Securities trading venues, securities companies, securities registration and settlement institutions, securities service providers and their practitioners shall promptly report any prohibited trading activities discovered during securities transactions to the securities regulatory authorities.

Chapter IV Acquisition of Listed Companies

Article 62

Investors may acquire listed companies through tender offers, negotiated acquisitions, or other lawful means.

Article 63

Where an investor holds, or jointly holds with others through agreements or other arrangements, voting shares issued by a listed company amounting to five per cent or more through securities transactions on a stock exchange, the investor shall, within three days of the occurrence of such fact, submit a written report to the State Council securities regulatory authority and the stock exchange, notify the listed company, and make an announcement. The investor shall not sell the shares of the listed company within the aforementioned period, except in circumstances specified by the State Council securities regulatory authority.

Where an investor holds, or jointly holds with others through agreements or other arrangements, voting shares issued by a listed company reaching five per cent, any subsequent increase or decrease in the proportion of such issued shares held by that investor by five per cent shall be reported and announced in accordance with the preceding paragraph. From the date such event occurs until three days after the announcement, no further trading of the shares shall be conducted, except where otherwise provided by the State Council Securities Regulatory Authority.

Where an investor holds, or jointly holds with others through agreements or other arrangements, voting shares issued by a listed company amounting to five per cent or more, any increase or decrease of one per cent in the proportion of such voting shares held shall be notified to the listed company on the day following the occurrence of such fact and shall be announced.

Where voting shares of a listed company are acquired in contravention of the provisions of the first and second paragraphs, the voting rights attached to the shares exceeding the prescribed proportion shall not be exercised for a period of thirty-six months following the acquisition.

Article 64

The public announcement made pursuant to the preceding Article shall include the following particulars:

- (1) The name and address of the shareholder;
 - (2) The name and quantity of the shares held;
 - (iii) The date on which the shareholding reached the statutory proportion or the date on which the increase or decrease in shareholding reached the statutory proportion, and the source of funds for the increased shareholding;
 - (iv) The time and manner of changes in the shares with voting rights held in the listed company.
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Article 65

Where an investor holds, or jointly holds with others through agreements or other arrangements, voting shares issued by a listed company reaching three per cent through securities exchange transactions, and continues to acquire shares, the investor shall, in accordance with the law, issue a tender offer to all shareholders of the listed company for the acquisition of all or part of the shares of the listed company.

Where a partial acquisition offer is made, it shall stipulate that if the number of shares offered for sale by the shareholders of the target company exceeds the predetermined acquisition target, the acquirer shall acquire the additional shares on a pro rata basis.

Article 66

Where an acquisition offer is made pursuant to the preceding Article, the acquirer shall publish an acquisition report for the listed company, which shall specify the following matters:

- (1) The name and registered office of the acquirer;
- (2) The acquirer's decision regarding the acquisition;
- (iii) The name of the listed company being acquired;
- (iv) the purpose of the acquisition;
- (v) the detailed description of the shares to be acquired and the intended number of shares to be acquired;
- (vi) The acquisition period and acquisition price;
- (vii) The amount of funds required for the acquisition and the financial guarantees;
- (viii) The proportion of the target company's issued shares held by the acquiring party at the time of publication of the takeover report.

Article 67

The acquisition period stipulated in the takeover offer shall not be less than thirty days nor exceed sixty days.

Article 68

During the commitment period specified in the takeover offer, the acquirer shall not withdraw the offer. Should the acquirer need to amend the offer, they shall promptly announce the specific changes, except in the following circumstances:

- (i) a reduction in the acquisition price;
- (ii) a reduction in the number of shares to be acquired;
- (iii) shortening the acquisition period;
- (iv) other circumstances as prescribed by the securities regulatory authority of the State Council.

Article 69

The terms and conditions set forth in the takeover offer shall apply to all shareholders of the target company.

Where a listed company issues different classes of shares, the acquirer may propose different acquisition conditions for different classes of shares.

Article 70

Where an offer is made by way of a takeover bid, the acquirer shall not sell the shares of the target company during the offer period, nor shall they purchase the shares of the target company in any form other than that specified in the offer or on terms exceeding those of the offer.

Article 71

Where an agreement acquisition is adopted, the acquirer may transfer shares by agreement with the shareholders of the target company in accordance with the provisions of laws and administrative regulations.

Where an acquisition of a listed company is effected by agreement, the acquirer must, within three days of reaching the agreement, submit a written report on the acquisition agreement to the securities regulatory authority of the State Council and the stock exchange.

The acquisition agreement shall not be performed prior to the announcement.

Article 72

Where an agreement acquisition is adopted, the parties to the agreement may temporarily entrust the securities registration and settlement institution with the custody of the shares subject to the agreement transfer, and deposit the funds with a designated bank.

Article 73

Where an acquisition is conducted by way of agreement, if the acquirer, through acquisition or by agreement or other arrangement with others, acquires voting shares of a listed company amounting to thirty per cent of the issued voting shares, the acquirer shall, in accordance with the law, issue a tender offer to all shareholders of the listed company for the acquisition of all or part of the shares of the listed company. However, this shall not apply where exemption from the tender offer is granted in accordance with the provisions of the securities regulatory authority of the State Council.

Where the acquirer acquires shares of the listed company by way of a public offer in accordance with the preceding paragraph, the provisions of Article 65(2) and Articles 66 to 70 of this Law shall be complied with.

Article 74

Upon expiry of the acquisition period, if the distribution of equity in the target company fails to meet the listing requirements stipulated by the stock exchange, the shares of that listed company shall be delisted by the stock exchange in accordance with the law. Shareholders who continue to hold shares in the target company shall have the right to sell their shares to the acquirer on terms equivalent to those of the acquisition offer, and the acquirer shall be obliged to purchase them.

Where, after completion of the acquisition, the acquired company no longer meets the conditions for being a joint stock limited company, it shall change its corporate form in accordance with the law.

Article 75

In the acquisition of a listed company, the shares of the acquired listed company held by the acquirer shall not be transferred for a period of eighteen months following the completion of the acquisition.

Article 76

Where, after completion of the acquisition, the acquirer merges with the acquired company and dissolves it, the original shares of the dissolved company shall be replaced by the acquirer in accordance with the law. After completion of the acquisition, the acquirer shall, within fifteen days, report the acquisition to the securities regulatory authority of the State Council and the stock exchange, and shall make an announcement.

Article 77

The State Council Securities Regulatory Authority shall formulate specific measures for the acquisition of listed companies in accordance with this Law.

Where a listed company is split or merged with another company, it shall report to the State Council Securities Regulatory Authority and make an announcement.

Chapter V Disclosure of Information

Article 78

Issuers and other information disclosure obligors as prescribed by laws, administrative regulations and the State Council Securities Regulatory Authority shall promptly fulfil their information disclosure obligations in accordance with the law.

Information disclosed by information disclosure obligors shall be truthful, accurate, complete, concise, clear, and comprehensible, and shall not contain any false records, misleading statements, or material omissions. Where securities are publicly issued and traded both domestically and overseas, information disclosed by information disclosure obligors overseas shall be disclosed simultaneously domestically.

Article 79

Listed companies, companies whose corporate bonds are listed for trading, and companies whose shares are traded on other national securities trading venues approved by the State Council shall prepare periodic reports in accordance with the content and format prescribed by the securities regulatory authority of the State Council, and shall submit and announce them in accordance with the following provisions:

- (1) Within four months of the end of each accounting year, submit and announce the annual report, wherein the annual financial accounting report shall be audited by an accounting firm complying with the provisions of this Law
- (2) Within two months of the end of the first half of each accounting year, submit and announce an interim report.

Article 80

Where a significant event occurs that may substantially affect the trading price of the shares of a listed company or a company whose shares are traded on other national securities trading venues approved by the State Council, and where investors are unaware of such event, the company shall immediately submit an interim report to the State Council securities regulatory authority and the securities trading venue, and make an announcement, detailing the cause, status, and potential legal consequences of the event.

The major events referred to in the preceding paragraph include:

- (1) Significant changes in the company's business policies and scope of operations;
- (2) Significant investment activities by the company, including the purchase or sale of major assets exceeding thirty per cent of the company's total assets within one year, or the mortgaging, pledging, or scrapping of principal operating assets exceeding thirty per cent of the value of such assets in a single instance;
- (iii) The conclusion of important contracts, provision of major guarantees, or engagement in related-party transactions that may have a significant impact on the company's assets, liabilities, equity, and operating results;
- (iv) The occurrence of material indebtedness or default on material debts due and payable;
- (v) The occurrence of significant losses or substantial damage to the company;
- (vi) Significant changes in the external conditions affecting the company's production and operations;
- (vii) Changes in the company's directors, one-third or more of its supervisors, or managers, or the inability of the chairman or manager to perform their duties;
- (8) Significant changes in the shareholding or control of the company by shareholders holding five per cent or more of the shares or by the actual controller; significant changes in the actual controller and the entities under their control that engage in the same or similar business as the company;
- (ix) Plans for dividend distribution or capital increase, significant changes in the Company's equity structure, decisions on capital reduction, merger, division, dissolution, or application for bankruptcy, or entry into bankruptcy proceedings or closure by order of the court;
- (x) Major litigation or arbitration involving the company, or the revocation or invalidation of resolutions of the shareholders' meeting or board of directors in accordance with the law;
- (xi) The company being subject to investigation for suspected criminal offences in accordance with the law, or the company's controlling shareholders, actual controllers, directors, supervisors, or senior management being subject to compulsory measures in accordance with the law for suspected criminal offences;
- (12) Other matters as prescribed by the securities regulatory authority of the State Council.

Where a controlling shareholder or actual controller of the company has a significant influence on the occurrence or progress of a major event, they shall promptly notify the company in writing of the relevant circumstances known to them and cooperate with the company in fulfilling its disclosure obligations.

Article 81

Where a material event occurs that may significantly affect the trading price of listed corporate bonds and investors have not yet become aware of it, the company shall immediately submit an interim report to the State Securities Regulatory Authority and the securities exchange, and make an announcement, explaining the cause of the event, its current status, and the potential legal consequences.

The material events referred to in the preceding paragraph include:

- (1) Significant changes in the company's equity structure or production and operational status;
- (2) Changes in the credit rating of the company bonds;
- (iii) The mortgaging, pledging, sale, transfer, or scrapping of the company's major assets;
- (iv) Failure to settle debts upon maturity;
- (v) New borrowings or guarantees provided by the company exceeding twenty per cent of its net assets at the end of the previous year;
- (vi) The company waives claims or disposes of assets exceeding ten per cent of the net assets at the end of the previous year;
- (vii) The company incurs significant losses exceeding ten per cent of its net assets at the end of the previous year;
- (viii) The company's distribution of dividends, decisions to reduce capital, merge, split, dissolve or file for bankruptcy, or entry into bankruptcy proceedings in accordance with the law, or being ordered to close;
- (ix) The company becomes involved in significant litigation or arbitration proceedings;
- (10) The company is subject to investigation for suspected criminal offences in accordance with the law, or its controlling shareholders, actual controllers, directors, supervisors, or senior management are subject to compulsory measures for suspected criminal offences in accordance with the law;
- (xi) Other matters as prescribed by the securities regulatory authority of the State Council.

Article 82

The directors and senior management of the issuer shall sign written confirmation opinions on the securities offering documents and periodic reports.

The issuer's board of supervisors shall review the securities offering documents and periodic reports prepared by the board of directors and provide written review opinions.

Supervisors shall sign written confirmation opinions. The issuer's directors, supervisors and senior management shall ensure the issuer discloses information in a timely and fair manner, and that the disclosed information is true, accurate and complete.

Where directors, supervisors, or senior management personnel are unable to guarantee the truthfulness, accuracy, or completeness of the content of the securities offering documents and periodic reports, or have objections thereto, they shall state their reasons in the written confirmation opinion, and the issuer shall disclose such information. Where the issuer fails to disclose such information, the directors, supervisors, and senior management personnel may apply directly for disclosure.

Article 83

Information disclosed by the information disclosure obligor shall be disclosed simultaneously to all investors and shall not be disclosed in advance to any unit or individual. However, this shall not apply where otherwise provided by laws or administrative regulations.

No entity or individual shall unlawfully demand that information disclosure obligors provide information required by law to be disclosed but not yet disclosed. Any such information obtained in advance by any entity or individual shall be kept confidential in accordance with the law.

Article 84

In addition to information required to be disclosed by law, information disclosure obligors may voluntarily disclose information relevant to investors' value judgements and investment decisions, provided that such information does not conflict with information required to be disclosed by law and does not mislead investors.

Where an issuer, its controlling shareholder, actual controller, directors, supervisors, senior management personnel, or other relevant parties make public commitments, such commitments shall be disclosed. Where failure to fulfil such commitments causes losses to investors, the relevant parties shall bear liability for compensation.

Article 85

Where an information disclosure obligor fails to disclose information as required, or where the securities offering documents, periodic reports, interim reports, or other information disclosure materials contain false statements, misleading statements, or material omissions, thereby causing investors to suffer losses in securities transactions, the information disclosure obligor shall bear liability for compensation; The controlling shareholders, actual controllers, directors, supervisors, personnel, and other directly responsible individuals of the issuer, as well as the sponsor, the underwriting securities company, and their directly responsible personnel, shall bear joint and several liability for compensation with the issuer, unless they can prove that they were not at fault.

Article 86

Information disclosed in accordance with the law shall be published on the websites of securities trading venues and in media meeting the conditions specified by the State Council securities regulatory authority, and shall simultaneously be made available at the company's registered office and the securities exchange for public inspection.

Article 87

The State Council securities regulatory authority shall supervise and administer the information disclosure practices of information disclosure obligors.

Securities trading venues shall supervise the information disclosure practices of information disclosure obligors for securities traded on their platforms, ensuring timely and accurate disclosure in accordance with the law.

Chapter VI Investor Protection

Article 88

When selling securities or providing services to investors, securities companies shall, in accordance with regulations, fully ascertain the investor's basic circumstances, financial status, financial asset position, investment knowledge and experience, and other relevant information; truthfully explain the key aspects of the securities and services, fully disclosing investment risks; and sell or provide securities and services commensurate with the investor's aforementioned circumstances.

When purchasing securities or accepting services, investors shall provide the truthful information listed in the preceding paragraph in accordance with the requirements explicitly stated by the securities company. Where an investor refuses to provide such information or fails to provide it as required, the securities company shall inform them of the consequences and shall refuse to sell securities or provide services to them in accordance with regulations.

Where a securities company violates the provisions of the first paragraph and causes losses to investors, it shall bear corresponding liability for compensation.

Article 89

Investors may be categorised as either retail investors or professional investors based on factors including their financial standing, financial asset holdings, investment knowledge and experience, and professional capabilities. The criteria for professional investors shall be prescribed by the securities regulatory authority.

Where disputes arise between retail investors and securities companies, the securities company shall bear the burden of proving that its conduct complies with laws, administrative regulations, and the provisions of the securities regulatory authority of the State Council, and that no misleading circumstances exist. Where the securities company fails to prove this, it shall bear corresponding liability for compensation.

Article 90

The board of directors of a listed company, its independent directors, shareholders holding one per cent or more of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, or the provisions of the State Council securities regulatory authority (hereinafter referred to as "investor protection institutions") may act as solicitors. They may, either independently or by entrusting a securities company or securities service institution, publicly request shareholders of the listed company to authorise them to exercise shareholder rights such as the right to propose motions and the right to vote at the shareholders' meeting.

Where shareholder rights are solicited pursuant to the preceding paragraph, the solicitor shall disclose solicitation

documents, and the listed company shall cooperate accordingly. Public solicitation of shareholder rights through

remuneration or disguised remuneration shall be prohibited.

Where the public solicitation of shareholder rights violates laws, administrative regulations, or the relevant provisions of the securities regulatory authority under the State Council, resulting in losses to the listed company or its shareholders, the solicitor shall bear liability in accordance with the law.

Article 91

Listed companies shall specify in their articles of association the specific arrangements and decision-making procedures for distributing cash dividends, thereby safeguarding shareholders' rights to asset returns in accordance with the law.

Where a listed company has surplus profits after tax for the current year, after offsetting losses and extracting statutory reserves, it shall distribute cash dividends in accordance with the provisions of its articles of association.

Article 92

Where bonds are publicly issued, a bondholders' meeting shall be established, and the prospectus shall specify the procedures for convening the bondholders' meeting, the rules of the meeting, and other important matters.

Where corporate bonds are publicly issued, the issuer shall appoint a bond trustee for bondholders and enter into a bond trusteeship agreement. The trustee shall be the underwriter of the issuance or another institution approved by the State Council securities regulatory authority. The bondholders' meeting may resolve to change the bond trustee. The bond trustee shall exercise due diligence in performing its trusteeship duties and shall not prejudice the interests of bondholders.

Where the bond issuer fails to repay the principal and interest of the bonds on schedule, the bond trustee may, upon receiving a mandate from all or part of the bondholders, initiate legal proceedings or liquidation procedures in its own name on behalf of the bondholders.

Article 93

Where an issuer causes losses to investors through fraudulent issuance, misrepresentation, or other material violations of the law, the issuer's controlling shareholder, actual controller, or relevant securities company may appoint a protection institution to reach an agreement with the aggrieved investors on compensation matters and make advance compensation payments. Following such advance compensation, the institution may pursue reimbursement from the issuer and other jointly liable parties in accordance with the law.

Article 94

Where disputes arise between investors and issuers, securities companies, or other parties, the parties may apply to the investor protection institution for mediation. Where ordinary investors request mediation concerning securities business disputes with securities companies, the securities companies shall not refuse.

The investor protection institution may, in accordance with the law, support investors in bringing legal proceedings before the people's courts against acts detrimental to investor interests.

Where directors, supervisors, or senior management of an issuer cause losses to the company by breaching laws, administrative regulations, or the company's articles of association while performing their duties, or where the issuer's controlling shareholders or other persons infringe upon the company's lawful rights and interests causing losses, the investor protection institution may, if holding shares in that company, initiate proceedings in the people's court in its own name for the benefit of the company. Such proceedings shall not be subject to the restrictions on holding periods stipulated in the Company Law of the People's Republic of China.

Article 95

Where investors initiate civil compensation proceedings concerning securities for false statements or similar matters, and the subject matter of the litigation is of the same kind and one party comprises a large number of persons, representatives may be elected in accordance with the law to conduct the litigation.

Where other numerous investors may have identical claims in respect of a lawsuit brought pursuant to the preceding paragraph, the People's Court may issue a public notice detailing the circumstances of the case and inviting such investors to register with the People's Court within a specified period. The judgment or ruling rendered by the People's Court shall be effective in respect of investors who have registered.

An investor protection organisation, upon being entrusted by fifty or more investors, may participate in the proceedings as a representative and act on behalf of the rights holders confirmed by the securities registration and settlement institution in accordance with the preceding paragraph, except where an investor expressly indicates unwillingness to participate in the proceedings.

Chapter VII Securities Trading Venues

Article 96

Stock exchanges and other national securities trading venues approved by the State Council shall provide venues and facilities for centralised securities trading, organise and supervise securities transactions, implement self-regulation, and be registered as legal persons in accordance with the law.

The establishment, alteration, and dissolution of stock exchanges and other national securities trading venues approved by the State Council shall be determined by the State Council. The organisational structure, management methods, and other matters concerning other national securities trading venues approved by the State Council shall be prescribed by the State Council.

Article 97

Stock exchanges and other national securities trading venues approved by the State Council may establish different market tiers based on factors such as the type of securities, industry characteristics, and company scale.

Article 98

Regional equity markets established in accordance with the provisions of the State Council shall provide venues and facilities for the issuance and transfer of non-publicly issued securities. The specific management measures shall be prescribed by the State Council.

Article 99

In performing their self-regulatory functions, stock exchanges shall adhere to the principle of prioritising public interest and shall uphold the fairness, orderliness and transparency of the market.

The establishment of a stock exchange shall require the formulation of articles of association. The formulation and amendment of the articles of association of a stock exchange shall be subject to the approval of the securities regulatory authority of the State Council.

Article 100

A stock exchange shall include the words "Stock Exchange" in its name. No other entity or individual may use the name "Stock Exchange" or any similar designation.

Article 101

All fee income at the disposal of a stock exchange shall be used first to ensure the normal operation and gradual improvement of its trading venues and facilities.

The accumulated assets of a securities exchange operating under a membership system shall belong to its members, whose collective interests shall enjoy such assets. During the existence of the exchange, its accumulated assets shall not be distributed to its members.

Article 102

A securities exchange operating under a membership system shall establish a board of directors and a board of supervisors.

The stock exchange shall have one general manager, who shall be appointed and removed by the securities regulatory authority of the State Council.

Article 103

No person shall serve as a principal officer of a securities exchange if they fall under any of the circumstances specified in Article 146 of the Company Law of the People's Republic of China or any of the following circumstances:

- (1) Where the individual is a former principal officer of a securities trading venue, securities registration and settlement institution, or a former director, supervisor, or senior management personnel of a securities company who was removed from office due to illegal acts or disciplinary violations, and less than five years have elapsed since the date of removal;
 - (2) A lawyer, certified public accountant, or other professional of a securities service institution whose practising certificate has been revoked or whose qualification has been cancelled due to illegal acts or disciplinary violations, where less than five years have elapsed since the date of revocation or cancellation.
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Article 104

Persons dismissed from employment at a securities trading venue, securities company, securities registration and settlement institution, or securities service institution due to illegal acts or disciplinary violations, or persons dismissed from employment at a state organ, shall not be recruited as employees of a securities exchange.

Article 105

Entities participating in centralised trading on a securities exchange operating a membership system must be members of that exchange. Securities exchanges shall not permit non-members to directly participate in centralised trading of shares.

Article 106

Investors shall enter into a securities trading mandate agreement with a securities firm and open a real-name account with that firm. They may then instruct the securities firm to sell securities on their behalf through written, telephone, self-service terminal, or online means.

Article 107

Securities firms shall verify the identity information provided by investors when opening accounts for them in accordance with regulations. Securities firms shall not permit the use of investors' accounts by any other person.

Investors shall conduct transactions using accounts opened under their real names.

Article 108

Securities firms shall, pursuant to investors' instructions, submit trading orders in accordance with securities trading rules, participate in centralised trading on the exchange floor, and undertake corresponding settlement and delivery obligations based on transaction outcomes. Securities registration and settlement institutions shall, based on transaction results, conduct securities and funds settlement and delivery with securities firms in accordance with settlement and delivery rules, and handle securities registration for clients of securities firms.

Article 109

The stock exchange shall provide safeguards for organising fair centralised trading, publish real-time securities transaction quotes, and compile and publish securities market quotation tables for each trading day. The rights to real-time securities transaction quotes shall be held by the stock exchange in accordance with the law. No entity or individual may publish real-time securities transaction quotes without the permission of the stock exchange.

Article 110

Listed companies may apply to the stock exchange for the suspension or resumption of trading of their listed shares, but shall not abuse such suspension or resumption to prejudice the lawful rights and interests of investors. The stock exchange may decide on the suspension or resumption of trading of listed shares in accordance with its business rules.

Article 111

Where unforeseeable events such as force majeure, unexpected incidents, major technical failures, or significant human errors disrupt the normal conduct of securities trading, the exchange may implement technical suspension of trading, temporary market closure, or other remedial measures in accordance with its operational rules to maintain normal trading order and market fairness. It shall promptly report such measures to the State Council securities regulatory authority.

Where such unforeseen events result in significant anomalies in securities trading outcomes, and where settlement based on such outcomes would substantially undermine the normal order of securities trading or market fairness, the exchange may, in accordance with its operational rules, take measures such as cancelling transactions or instructing the securities registration and settlement institution to suspend settlement. It shall promptly report such actions to the State Council securities regulatory authority and make a public announcement.

The stock exchange shall not bear civil liability for losses arising from measures taken pursuant to this Article, except where gross negligence is present.

Article 112

The stock exchange shall implement real-time monitoring of securities transactions and shall report abnormal trading situations in accordance with the requirements of the securities regulatory authority of the State Council.

Where necessary, a stock exchange may, in accordance with its business rules, restrict trading by investors holding securities accounts in which significant abnormal trading has occurred, and shall promptly report such matters to the State Council securities regulatory authority.

Article 113

The stock exchange shall strengthen risk monitoring of securities trading. Where significant abnormal fluctuations occur, the stock exchange may, in accordance with its business rules, take measures such as restricting trading or imposing a mandatory suspension of trading. Where such fluctuations seriously affect the stability of the securities market, the stock exchange may, in accordance with its business rules, take measures such as temporarily suspending trading and shall make an announcement.

The stock exchange shall not bear civil liability for losses arising from measures taken pursuant to this Article, except where gross negligence is present.

Article 114

Stock exchanges shall establish a risk fund by allocating a specified proportion of the transaction fees, membership fees, and seat fees collected. The risk fund shall be managed by the council of the stock exchange. The specific allocation ratio and usage procedures for the risk fund shall be stipulated by the State Council Securities Regulatory Authority in conjunction with the State Council Finance Department.

The stock exchange shall deposit the risk fund collected into a special account at its account-holding bank and shall not use it without authorisation.

Article 115

A stock exchange shall formulate listing rules, trading rules, membership management rules and other relevant business rules in accordance with laws, administrative regulations and the provisions of the State Council Securities Regulatory Authority, subject to the approval of the State Council Securities Regulatory Authority.

Securities trading conducted on a stock exchange shall comply with the operational rules lawfully established by the stock exchange. Violations of such operational rules shall be subject to disciplinary action or other measures imposed by the stock exchange.

Article 116

Where the responsible officers and other employees of a stock exchange have a conflict of interest with themselves or their relatives in the performance of duties related to securities trading, they shall recuse themselves.

Article 117

The outcome of a transaction conducted in accordance with the trading rules established in accordance with the law shall not be altered, except as provided for in the second paragraph of Article 111 of this Law. The liability of a person who has committed a violation in a transaction shall not be exempted; any benefit obtained from the violation shall be dealt with in accordance with the relevant provisions.

Chapter VIII Securities Companies

Article 118

The establishment of a securities company shall meet the following conditions and be approved by the securities regulatory authority of the State Council:

- (1) Possession of articles of association complying with laws and administrative regulations;
- (2) The principal shareholders and the actual controller of the company shall possess sound financial standing and a good integrity record, with no record of major violations of laws or regulations in the preceding three years;
- (iii) Possession of registered capital meeting the requirements of this Law;
- (iv) Directors, supervisors, senior management personnel, and employees shall meet the conditions prescribed by this Law;
- (v) Possession of sound risk management and internal control systems;
- (vi) Possession of suitable business premises, operational facilities and information technology systems;
- (vii) Other conditions stipulated by laws, administrative regulations, and the State Council's securities regulatory authority as approved by the State Council.

No entity or individual may conduct securities business activities in the name of a securities company without the approval of the State Council Securities Regulatory Authority.

Article 119

The State Council Securities Regulatory Authority shall, within six months of accepting an application for the establishment of a securities company, conduct an examination in accordance with statutory conditions and procedures and based on the principle of prudent supervision. Where approval is granted, the applicant shall be notified accordingly; where approval is withheld, reasons shall be provided.

Where an application for the establishment of a securities company is approved, the applicant shall apply to the company registration authority for establishment registration within the prescribed time limit and obtain a business licence.

A securities company shall apply to the State Council Securities Regulatory Authority for a Securities Business Licence within fifteen days of obtaining its business licence. Securities business may not be conducted without obtaining a Securities Business Licence.

Article 120

Upon obtaining a securities business licence approved by the State Council Securities Regulatory Authority, a securities company may conduct some or all of the following securities business:

- (1) Securities brokerage;
- (2) Securities investment advisory services;
- (iii) Financial advisory services related to securities transactions and securities investment activities;
- (iv) Securities underwriting and sponsorship;
- (v) Securities margin financing and securities margin trading;
- (vi) Securities market-making;
- (vii) Proprietary securities trading;
- (viii) Other securities business.

The State Council securities regulatory authority shall, within three months of accepting an application for the matters specified in the preceding paragraph, review it in accordance with statutory conditions and procedures, and notify the applicant of its decision to approve or disapprove the application; where disapproval is granted, the reasons shall be stated.

Securities companies engaging in securities asset management business shall comply with the Securities Investment Fund Law of the People's Republic of

China and other relevant laws and administrative regulations. No entity or individual other than securities companies may engage in securities

underwriting, securities sponsorship, securities brokerage, or securities margin financing and securities lending business.

Securities companies engaging in securities margin financing and securities lending business shall adopt measures to strictly prevent and control risks, and shall not lend funds or securities to clients in violation of regulations.

Article 121

Where a securities company engages in the business activities specified in subparagraphs (i) to (iii) of paragraph 1 of Article 120 of this Law, the minimum registered capital shall be RMB 50 million; where it engages in any one of the activities specified in subparagraphs (iv) to (vii), the minimum registered capital shall be RMB 100 million; where it engages in two or more of the activities specified in subparagraphs (iv) to (viii), the minimum registered capital shall be RMB 500 million. The registered capital of a company shall be paid-up capital.

The State Council securities regulatory authority may adjust the minimum registered capital requirements in accordance with the principle of prudent supervision and the risk levels of various businesses, but such adjustments shall not be less than the limits specified in the preceding paragraph.

Article 122

A securities company shall obtain the approval of the State Council securities regulatory authority before changing its scope of securities business, changing its principal shareholders or actual controller, or undergoing merger, division, suspension of business, dissolution, or bankruptcy.

Article 123

The State Council Securities Regulatory Authority shall establish provisions governing the net capital and other risk control indicators of securities companies.

Securities companies shall not provide financing or guarantees to their shareholders or persons associated with their shareholders, except where such financing or guarantees are provided to their clients in accordance with regulations governing margin financing and securities lending.

Article 124

Directors, supervisors and senior management personnel of securities companies shall be of integrity and honesty, possess good character, be familiar with securities laws and administrative regulations, and possess the operational management capabilities required to perform their duties. The appointment and removal of directors, supervisors and senior management personnel shall be reported to the State Council securities regulatory authority for filing.

Persons falling under any of the circumstances stipulated in Article 146 of the Company Law of the People's Republic of China or any of the following circumstances shall not serve as directors, supervisors, or senior management personnel of a securities company:

- (1) Where the individual was the principal officer of a securities exchange or securities registration and settlement institution, or a director, supervisor, or senior management personnel of a securities company, and was removed from office due to illegal acts or disciplinary violations, provided that five years have not elapsed since the date of removal from office;
- (ii) A lawyer, certified public accountant, or other professional of a securities service institution whose practising certificate has been revoked or whose qualification has been cancelled due to illegal acts or disciplinary violations, where less than five years have elapsed since the date of revocation or cancellation.

Article 125

Persons engaged in securities business by a securities company shall be of good character and possess the professional competence required for securities business.

Persons dismissed from employment at a securities trading venue, securities company, securities registration and settlement institution, or securities service institution due to illegal acts or disciplinary violations, or persons dismissed from employment at a state organ, shall not be recruited as employees of a securities company.

State organ personnel and other individuals prohibited by laws or administrative regulations from holding concurrent positions in companies shall not hold concurrent positions in securities companies.

Article 126

The State shall establish a Securities Investor Protection Fund. The Securities Investor Protection Fund shall be composed of funds contributed by securities companies and other funds raised in accordance with the law. Its scale, as well as the methods for its raising, management and utilisation, shall be prescribed by the State Council.

Article 127

Securities companies shall set aside a transaction risk reserve from their annual business income to cover losses incurred in securities operations. The specific percentage to be set aside shall be stipulated by the State Council's securities regulatory authority in conjunction with the Ministry of Finance.

Article 128

Securities companies shall establish and improve internal control systems and adopt effective isolation measures to prevent conflicts of interest between the company and its clients, or between different clients.

Securities companies must conduct their securities brokerage business, securities underwriting business, proprietary trading business, market-making business and securities asset management business separately and shall not mix operations.

Article 129

A securities company's proprietary trading operations must be conducted in its own name and shall not be conducted under the name of another person or in a personal capacity. A securities company's proprietary trading operations must use its own funds and funds lawfully raised.

Securities companies shall not lend their proprietary trading accounts to others for use.

Article 130

Securities companies shall conduct business prudently in accordance with the law, act diligently and responsibly, and uphold honesty and integrity.

The business activities of a securities company shall be commensurate with its governance structure, internal controls, compliance management, risk management, risk control indicators, and composition of its personnel, and shall meet the requirements for safeguarding the lawful rights and interests of investors.

Securities companies shall enjoy the right to autonomous operation in accordance with the law, and their lawful operations shall not be interfered with.

Article 131

The transaction settlement funds of a securities company's clients shall be deposited with a commercial bank and managed in separate accounts in the name of each client.

Securities companies shall not incorporate clients' transaction settlement funds and securities into their own assets. No entity or individual shall misappropriate clients' transaction settlement funds and securities in any form. During bankruptcy or liquidation proceedings, clients' transaction settlement funds and securities shall not form part of the bankruptcy estate or liquidation assets. Clients' transaction settlement funds and securities shall not be subject to seizure, deduction, or compulsory enforcement except in cases of the client's own debts or other circumstances prescribed by law.

Article 132

When conducting brokerage business, securities companies shall provide uniformly prescribed securities trading order forms for use by principals. Where other methods of instruction are employed, written records of such instructions must be maintained. Records of clients' securities trading instructions, whether executed or not, shall be retained by the securities company for the prescribed period.

Article 133

Upon accepting a securities trading order, a securities company shall execute the trade in accordance with the transaction rules based on the details specified in the order form, including the name of the security, quantity traded, bidding method, and price range. A transaction record shall be maintained. Following the execution of the trade, a trade confirmation slip shall be prepared in accordance with regulations and delivered to the client.

Statements confirming trading activities and their outcomes in securities transactions must be accurate, ensuring that the book balance of securities matches the actual securities held.

Article 134

When conducting brokerage business, a securities company shall not accept a client's discretionary mandate to determine securities transactions, select securities types, or decide transaction quantities or prices. A securities company shall not permit others to participate directly in centralised securities trading in the name of the securities company.

Article 135

Securities firms shall not make any commitment to clients regarding the profits from securities transactions or the compensation for losses incurred in securities transactions.

Article 136

Where an employee of a securities company, in the course of securities trading activities, violates trading rules by executing instructions from their employing securities company or by exploiting their position, the employing securities company shall bear full responsibility. Employees of securities companies shall not privately accept client mandates for securities trading.

Article 137

Securities companies shall establish a client information enquiry system to ensure clients can access their account information, order records, transaction records, and other information related to services received or products purchased.

Securities companies shall properly preserve client account opening materials, order records, transaction records, and all information related to internal management and business operations. No person shall conceal, falsify, or tamper with such information. The retention period for the aforementioned information shall not be less than twenty years.

Article 138

Securities companies shall submit operational management information and materials, including business and financial data, to the State Council Securities Regulatory Authority in accordance with regulations. The State Council Securities Regulatory Authority shall have the right to require securities companies, major shareholders, and actual controllers to provide relevant information and materials within a specified timeframe.

Information and materials submitted or provided to the State Council Securities Regulatory Authority by securities companies and their major shareholders or actual controllers must be true, accurate and complete.

Article 139

Where deemed necessary, the State Council Securities Regulatory Authority may commission accounting firms or asset valuation institutions to assess the financial condition, internal control status, and asset value of securities companies. Specific measures shall be formulated by the State Council Securities Regulatory Authority in conjunction with relevant competent authorities.

Article 140

Where a securities company's governance structure, compliance management, or risk control indicators fail to meet prescribed standards, the State Council Securities Regulatory Authority shall order rectification within a specified timeframe. Should rectification not be completed by the deadline, or where such non-compliance jeopardises the sound operation of the securities company or harms the lawful rights and interests of clients, the State Council Securities Regulatory Authority may, depending on the circumstances, take any of the following measures:

- (1) Restrict business activities, order the suspension of certain operations, and cease approving new business;
- (2) Restricting the distribution of dividends and limiting the payment of remuneration or provision of benefits to directors, supervisors, and senior management personnel;
- (iii) Restrict the transfer of property or the creation of other rights over property;
- (iv) Order the replacement of directors, supervisors, or senior management personnel, or restrict their rights;
- (v) revoke relevant business licences;
- (vi) Determining directors, supervisors, or senior management personnel who bear responsibility as unsuitable persons;
- (vii) Ordering liable shareholders to transfer their equity interests and restricting the exercise of shareholder rights by liable shareholders.

Following rectification, the securities company shall submit a report to the State Council Securities Regulatory Authority. Upon verification by the State Council Securities Regulatory Authority that the company's governance structure, compliance management, and risk control indicators meet requirements, the relevant restrictive measures specified in the preceding paragraph shall be lifted within three days of completion of verification.

Article 141

Where shareholders of a securities company engage in false capital contributions or capital withdrawal, the State Council Securities Regulatory Authority shall order them to rectify within a specified time limit and may order them to transfer their equity holdings in the securities company. Prior to the shareholders rectifying their unlawful conduct and transferring their equity holdings in the securities company as required under the preceding paragraph, the State Council Securities Regulatory Authority may restrict their shareholder rights.

Article 142

Where directors, supervisors or senior management personnel of a securities company fail to exercise due diligence and diligence, resulting in the securities company committing major violations of laws and regulations or incurring major risks, the State Council Securities Regulatory Authority shall order the securities company to replace them.

Article 143

Where a securities company engages in unlawful operations or incurs significant risks that seriously jeopardise the order of the securities market or harm the interests of investors, the State Council securities regulatory authority may impose regulatory measures such as rectification, designation of another institution for trusteeship, receivership, or revocation.

Article 144

During the period when a securities company is ordered to suspend operations for rectification, is lawfully placed under trusteeship, taken over, or liquidated, or when it faces significant risks, the following measures may be taken against the directors, supervisors, senior management personnel, and other directly responsible individuals of the company, subject to the approval of the State Council Securities Regulatory Authority:

- (i) Notify the exit-entry administration authorities to prevent their departure from the country in accordance with the law;
- (2) Apply to judicial authorities to prohibit them from transferring, disposing of, or otherwise dealing with property, or establishing other rights over such property.

Chapter IX Securities Registration and Settlement Institutions

Article 145

Securities registration and settlement institutions provide centralised registration, custody and settlement services for securities transactions. They shall operate on a non-profit basis, be registered in accordance with the law, and acquire legal person status. The establishment of securities registration and settlement institutions must be approved by the securities regulatory authority of the State Council.

Article 146

The establishment of a securities registration and settlement institution shall meet the following conditions:

- (1) Possession of own funds not less than RMB two hundred million;
- (2) Possession of the premises and facilities necessary for securities registration, custody and settlement services;
- (iii) Other conditions prescribed by the State Council securities regulatory authority.

The name of a securities registration and settlement institution shall include the words "securities registration and settlement".

Article 147

A securities registration and settlement institution shall perform the following functions:

- (1) Establishment of securities accounts and settlement accounts;
- (2) Custody and transfer of securities;
- (3) Registration of the register of holders of securities;
- (iv) Clearing and settlement of securities transactions;
- (v) Distribution of securities entitlements on behalf of issuers;
- (vi) Provision of enquiry and information services related to the aforementioned operations;
- (vii) Other business activities approved by the State Council's securities regulatory authority.

Article 148

The registration and settlement of securities traded on stock exchanges and other national securities trading venues approved by the State Council shall be conducted through a nationally centralised and unified operational system. For securities other than those specified in the preceding paragraph, their registration and settlement may be entrusted to a securities registration and settlement institution or other institutions lawfully engaged in securities registration and settlement business.

Article 149

Securities registration and settlement institutions shall formulate their articles of association and business rules in accordance with the law, subject to approval by the securities regulatory authority of the State Council. Participants in securities registration and settlement business shall comply with the business rules of securities registration and settlement.

Article 150

Securities traded on a stock exchange or other national securities trading venue approved by the State Council shall be deposited in full with the securities registration and settlement institution. The securities registration and settlement institution shall not misappropriate clients' securities.

Article 151

Securities registration and settlement institutions shall provide securities issuers with registers of securities holders and relevant information.

Securities registration and settlement institutions shall, based on the results of securities registration and settlement, confirm the fact of securities holding by holders and provide registration information of securities holders. Securities registration and settlement institutions shall ensure the authenticity, accuracy and completeness of the register of holders and the records of registration and transfer, and shall not conceal, forge, alter or destroy them.

Article 152

The securities registration and settlement institution shall take the following measures to ensure the normal conduct of its business:

- (1) Possess the requisite service equipment and comprehensive data security protection measures;
- (2) Establishing comprehensive management systems for operations, finance, and security safeguards;
- (iii) establish a comprehensive risk management system.

Article 153

Securities registration and settlement institutions shall properly preserve original vouchers and relevant documents and materials pertaining to registration, custody and settlement. The retention period shall not be less than twenty years.

Article 154

Securities registration and settlement institutions shall establish a securities settlement risk fund to advance or compensate for losses arising from securities registration and settlement failures due to defaulted delivery, technical malfunctions, operational errors, or force majeure.

The Securities Settlement Risk Fund shall be drawn from the business income and profits of the securities registration and settlement institution, and may also be contributed by settlement participants at a certain proportion of their securities trading volume. The methods for raising and managing the Securities Settlement Risk Fund shall be stipulated by the State Council Securities Regulatory Authority in conjunction with the State Council Finance Department.

Article 155

The securities settlement risk fund shall be deposited into a dedicated account at a designated bank and managed separately.

Where a securities registration and settlement institution has made compensation from the Securities Settlement Risk Fund, it shall seek recourse from the relevant responsible parties.

Article 156

The application for dissolution of a securities registration and settlement institution shall be subject to the approval of the securities regulatory authority of the State Council.

Article 157

Investors entrusting securities companies to conduct securities transactions shall apply through the securities company to open a securities account with the securities registration and settlement institution. The securities registration and settlement institution shall open securities accounts for investors in accordance with regulations.

Investors applying to open an account shall hold valid documents proving their status as citizens, legal persons, or partnerships of the People's Republic of China, except where otherwise provided by the State.

Article 158

Where a securities registration and settlement institution acts as a central counterparty providing securities settlement services, it shall serve as the common clearing and delivery counterparty for settlement participants, conducting netting settlement and providing centralised performance for securities transactions. When providing netting settlement services for securities transactions, a securities registration and settlement institution shall require settlement participants to deliver securities and funds in full accordance with the principle of delivery versus payment, and to provide delivery guarantees. and provide delivery collateral. Prior to completion of delivery, no person may utilise securities, funds, or collateral intended for delivery.

Where a settlement participant fails to fulfil its delivery obligations on time, the securities registration and settlement institution shall have the right to handle the property referred to in the preceding paragraph in accordance with the business rules.

Article 159

All settlement funds and securities collected by the securities registration and settlement institution in accordance with its business rules shall be deposited in dedicated clearing and settlement accounts. Such funds and securities may only be used for the settlement of executed securities transactions in accordance with the business rules and shall not be subject to compulsory enforcement.

Article 160

Accountancy firms, law firms, and securities service institutions engaged in securities investment consultancy, asset valuation, credit rating, financial advisory services, or information technology system services shall exercise due diligence and provide services for securities trading and related activities in accordance with relevant operational rules.

Engaging in securities investment advisory services shall require approval from the securities regulatory authority under the State Council; services for securities trading and related activities shall not be provided without such approval. Engaging in other securities services shall require filing with the securities regulatory authority under the State Council and the relevant competent departments of the State Council.

Article 161

Securities investment advisory institutions and their practitioners shall not engage in the following conduct when providing securities services:

- (1) Acting as an agent for clients in securities investment;
- (2) Agreeing with clients to share securities investment gains or bear securities investment losses;
- (iii) Trading securities for which the securities investment advisory institution provides advisory services;
- (iv) other acts prohibited by laws or administrative regulations.

Where any of the acts listed in the preceding paragraph causes losses to investors, the institution shall bear liability for compensation in accordance with the law.

Article 162

Securities service institutions shall properly preserve client mandate documents, verification and validation materials, working papers, and information and materials relating to quality control, internal management, and business operations, and shall not disclose, conceal, falsify, alter, or destroy them. The retention period for the aforementioned information and materials shall not be less than ten years, calculated from the date of termination of the business mandate.

Article 163

Where a securities service institution prepares or issues documents such as audit reports, other attestation reports, asset valuation reports, financial advisory reports, credit opinions, or legal opinions for securities business activities including the issuance, listing, or trading of securities, it shall exercise due diligence and verify the authenticity, accuracy, and completeness of the content of the documents and materials relied upon. Where the documents prepared or issued by such institutions contain false or misleading statements or material omissions, thereby causing losses to others, they shall bear joint and several liability for compensation with the client, unless they can prove that they were not at fault.

ChapterXI Securities Association

Article 164

The Securities Association is a self-regulatory organisation within the securities industry and is a social organisation with legal person status.

Securities companies shall join the Securities Association.

The governing body of the Securities Association shall be the Members' General Meeting, comprising all members.

Article 165

The Articles of Association of the Securities Association shall be formulated by the General Meeting of Members and filed with the State Council Securities Regulatory Authority.

Article 166

The Securities Association shall perform the following duties:

- (1) Educate and organise members and their practitioners to comply with securities laws and administrative regulations; organise and implement integrity-building initiatives within the securities industry; and urge the securities industry to fulfil its social responsibilities;
- (2) To safeguard the lawful rights and interests of members in accordance with the law, and to convey members' suggestions and requests to the securities regulatory authority;
- (3) To urge members to carry out investor education and protection activities, and to safeguard the lawful rights and interests of investors;
- (iv) Formulate and implement self-regulatory rules for the securities industry; supervise and inspect the conduct of members and their practitioners; impose disciplinary sanctions or implement other self-regulatory measures against those violating laws, administrative regulations, self-regulatory rules, or the Association's Articles of Association;
- (5) Formulate business standards for the securities industry and organise professional training for practitioners;
- (vi) Organise members to conduct research on the development, operations and related matters of the securities industry; collect, collate and disseminate securities-related information; provide member services; organise industry exchanges; and guide development;
- (vii) Mediate disputes arising from securities business between members, or between members and clients;
- (viii) Other duties stipulated in the Articles of Association of the Securities Association.

Article 167

The Securities Association shall establish a Council. Members of the Council shall be elected in accordance with the provisions of the Articles of Association.

Chapter XII Securities Regulatory Authority

Article 168

The State Council Securities Regulatory Authority shall exercise supervision and administration over the securities market in accordance with the law, uphold the principles of openness, fairness and impartiality in the securities market, prevent systemic risks, safeguard the lawful rights and interests of investors, and ensure the healthy development of the market.

Article 169

In exercising supervision and administration over the securities market, the State Council Securities Regulatory Authority shall perform the following duties:

- (1) Formulate regulations and rules concerning the supervision and administration of the securities market in accordance with the law, and conduct approvals, authorisations, registrations, and filings in accordance with the law;
- (2) Supervise and administer the issuance, listing, trading, registration, custody, settlement and other activities of securities in accordance with the law;
- (3) Supervise and manage the securities business activities of securities issuers, securities companies, securities service institutions, securities trading venues, and securities registration and settlement institutions in accordance with the law;
- (iv) Formulate codes of conduct for persons engaged in securities business in accordance with the law, and oversee their implementation;
- (5) Supervise and inspect information disclosure concerning securities issuance, listing, and trading in accordance with the law;
- (6) To guide and supervise the self-regulatory activities of the Securities Association in accordance with the law;
- (vii) To monitor, prevent and address risks in the securities market in accordance with the law;
- (8) To conduct investor education in accordance with the law;
- (9) Investigate and penalise securities violations in accordance with the law;
- (10) Other duties prescribed by laws and administrative regulations.

Article 170

In performing its duties in accordance with the law, the State Council Securities Regulatory Authority shall have the power to take the following measures:

- (1) Conduct on-site inspections of securities issuers, securities companies, securities service providers, securities trading venues, and securities registration and settlement institutions;
- (2) Enter premises where suspected violations occurred to investigate and gather evidence;
- (3) To question parties and entities or individuals related to the matter under investigation, requiring them to provide explanations on matters relevant to the investigation; or to require them to submit documents and materials related to the matter in a specified manner;
- (iv) To examine and reproduce documents and materials related to the investigated matter, including property rights registrations and communication records;
- (5) To examine and copy the securities transaction records, registration and transfer records, financial accounting materials, and other relevant documents and materials of the parties and entities and individuals involved in the investigated incident; documents and materials that have been transferred, concealed, or destroyed may be sealed or seized;
- (vi) Inquire into the parties' and relevant entities' or individuals' fund accounts, securities accounts, bank accounts, and other accounts with payment, custody, settlement, or similar functions for the purpose of copying relevant documents and materials; Where evidence indicates that illegal funds, securities or other involved assets have been or may be transferred or concealed, or that important evidence has been concealed, falsified or destroyed, the principal responsible officer of the State Council Securities Regulatory Authority or another authorised officer may approve the freezing or sealing of such assets for a period of six months. Where extension is necessary for special reasons, each extension shall not exceed three months, and the total duration of freezing or sealing shall not exceed two years;
- (vii) During investigations into major securities violations such as market manipulation or insider trading, subject to approval by the principal responsible officer of the State Council's securities regulatory authority or another authorised officer, the securities trading of the investigated parties may be restricted, but the restriction period shall not exceed three months; where the case is complex, it may be extended by three months;
- (viii) Notify immigration authorities to lawfully prevent persons suspected of violations, principal officers of entities suspected of violations, and other directly responsible personnel from leaving the country.

To prevent risks in the securities market and maintain market order, the State Council Securities Regulatory Authority may adopt measures such as ordering rectification, conducting regulatory interviews, or issuing warning letters.

Article 171

During the investigation of entities or individuals suspected of securities violations by the State Council Securities Regulatory Authority, if the investigated party submits a written application pledging to rectify the suspected violations within the time limit set by the Authority, compensate relevant investors for losses, and eliminate damages or adverse effects, the Authority may decide to suspend the investigation. If the investigated party fulfils its commitments, the Authority may decide to terminate the investigation; if the investigated party fails to fulfil its commitments or other circumstances specified by the State Council arise, the investigation shall be resumed. Such circumstances shall be specified by the State Council.

Where the State Council Securities Regulatory Authority decides to suspend or terminate an investigation, it shall disclose relevant information in accordance with regulations.

Article 172

When the State Council Securities Regulatory Authority lawfully performs its duties by conducting supervision, inspection or investigation, the personnel involved shall be no fewer than two and shall present valid credentials and a notice of supervision, inspection or investigation or other law enforcement documents. Where fewer than two personnel are present or valid credentials and a notice of supervision, inspection or investigation or other law enforcement documents are not presented, the investigated entity or individual shall have the right to refuse.

Article 173

Where the State Council Securities Regulatory Authority performs its duties in accordance with the law, the entities and individuals subject to inspection or investigation shall cooperate, provide relevant documents and materials truthfully, and shall not refuse, obstruct or conceal information.

Article 174

The regulations, rules, and supervisory management systems formulated by the State Council Securities Regulatory Authority shall be made public in accordance with the law.

Penalty decisions made by the State Council Securities Regulatory Authority against securities violations based on investigation results shall be made public.

Article 175

The State Council Securities Regulatory Authority shall establish a mechanism for sharing supervisory information with other financial regulatory authorities under the State Council. When the State Council Securities Regulatory Authority performs its duties in accordance with the law and conducts supervision, inspection or investigation, relevant departments shall cooperate.

Article 176

Any organisation or individual shall have the right to report suspected securities violations or irregularities to the State Council Securities Regulatory Authority.

Where a real-name report concerning suspected major violations or breaches is verified as true, the State Council Securities Regulatory Authority shall reward the reporter in accordance with regulations. The State Council Securities Regulatory Authority shall keep the identity information of the reporter confidential.

Article 177

The State Council Securities Regulatory Authority may establish supervisory cooperation mechanisms with securities regulatory authorities of other countries or regions to implement cross-border supervision.

Overseas securities regulatory authorities shall not directly conduct investigative activities or gather evidence within the territory of the People's Republic of China. No organisation or individual shall, without authorisation from the securities regulatory authority of the State Council and the relevant competent department of the State Council, provide documents or materials related to securities business activities to overseas entities.

Article 178

Where the State Council Securities Regulatory Authority, in the lawful performance of its duties, discovers suspected criminal offences in securities violations, it shall transfer the case to judicial organs for handling in accordance with the law; where it discovers suspected official duty crimes committed by public officials, it shall transfer the case to supervisory organs for handling in accordance with the law.

Article 179

Staff members of the State Council Securities Regulatory Authority shall be loyal to their duties, act in accordance with the law, and be fair and incorruptible. They shall not use their official positions to seek improper benefits, nor shall they disclose commercial secrets of persons known to them.

During their tenure or within the period stipulated by the Civil Servants Law of the People's Republic of China after leaving office, staff members of the State Council Securities Regulatory Authority shall not take up positions in organisations directly related to their former duties or in other profit-making organisations, nor shall they engage in profit-making activities directly related to their former duties.

Chapter XIII Legal Liability

Article 180

Any person who, in violation of the provisions of Article 9 of this Law, unlawfully issues securities publicly or through disguised means shall be ordered to cease the issuance, return the funds raised with interest calculated at the prevailing bank deposit rate for the same period, and shall be fined between five per cent and fifty per cent of the illegally raised funds. Any company established through the unlawful public or disguised public issuance of securities shall be dissolved by the institution or department lawfully responsible for supervision and administration in conjunction with the local people's government. The persons directly responsible and other directly liable personnel shall be given a warning and fined not less than RMB 500,000 but not more than RMB 5,000,000.

Article 181

Where an issuer conceals material facts or fabricates major false information in its publicly announced securities offering documents, and the securities have not yet been issued, a fine of not less than RMB 2 million but not more than RMB 20 million shall be imposed; where the securities have been issued, a fine of not less than 10 per cent but not more than 100 per cent of the illegally raised funds shall be imposed. The directly responsible managers and other directly responsible personnel shall be fined not less than RMB 1 million but not more than RMB 10 million.

Where the controlling shareholder or actual controller of the issuer organises or directs the commission of the unlawful acts referred to in the preceding paragraph, the unlawful gains shall be confiscated and a fine of not less than 10 per cent but not more than 100 per cent of the unlawful gains shall be imposed; where the unlawful gains are not confiscated or are less than RMB 20 million, a fine of not less than RMB 2 million but not more than RMB 20 million shall be imposed. The persons directly responsible and other directly liable persons shall be fined not less than RMB 1 million but not more than RMB 10 million.

Article 182

Where a sponsor issues a sponsorship letter containing false records, misleading statements or material omissions, or fails to perform other statutory duties, it shall be ordered to rectify the situation, given a warning, have its business income confiscated, and be fined not less than one and not more than ten times such income; where there is no business income or the business income is less than one million yuan, a fine of not less than one million yuan but not more than ten million yuan shall be imposed; where the circumstances are serious, the sponsorship business licence shall be revoked. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 500,000 but not more than RMB 5,000,000.

Article 183

Where a securities company underwrites or sells securities issued through unauthorised public offerings or disguised public offerings, it shall be ordered to cease such underwriting or sales, have its illegal gains confiscated, and be fined not less than one times the amount of such illegal gains; where there are no illegal gains or such gains are less than one million yuan, a fine of not less than one million yuan but not more than ten million yuan shall be imposed; where the circumstances are serious, the relevant licence shall be suspended or revoked. Where losses are caused to investors, the issuer shall bear joint and several liability for compensation. The persons directly responsible in charge and other directly responsible personnel shall be given a warning and fined not less than RMB 500,000 but not more than RMB 5 million.

Article 184

Where a securities company violates the provisions of Article 29 of this Law in underwriting securities, it shall be ordered to rectify the violation, given a warning, and its illegal gains confiscated; it may also be fined between RMB 500,000 and RMB 5 million. Where the violation is serious, the relevant business licence shall be suspended or revoked. The directly responsible managers and other directly responsible personnel shall be given a warning and may be fined between RMB 200,000 and RMB 2 million. Where the violation is particularly serious, they shall be fined between RMB 500,000 and RMB 5 million.

Article 185

Where an issuer, in contravention of Articles 14 and 15 of this Law, arbitrarily alters the use of funds raised through a public offering of securities, it shall be ordered to rectify the violation and shall be fined not less than RMB 500,000 but not more than RMB 5,000,000. The directly responsible managers and other directly responsible personnel shall be given a warning and may be fined not less than RMB 100,000 but not more than RMB 1,000,000.

Where the controlling shareholder or actual controller of the issuer engages in, organises, or directs others to engage in the unlawful acts referred to in the preceding paragraph, a warning shall be issued and a fine of not less than RMB 500,000 but not more than RMB 5,000,000 shall be imposed; the responsible managers and other directly responsible personnel shall be fined not less than RMB 100,000 but not more than RMB 1,000,000.

Article 186

Where securities are transferred during the restricted transfer period in violation of the provisions of Article 36 of this Law, or where the transfer of shares fails to comply with the provisions of laws, administrative regulations, and the regulations of the securities regulatory authority of the State Council, the violator shall be given a warning, the illegal gains shall be confiscated, and a fine not exceeding the value of the securities traded shall be imposed.

Article 187

Where persons prohibited from participating in share trading by laws or administrative regulations violate the provisions of Article 40 of this Law by directly or indirectly holding or trading shares or other securities of an equity nature under aliases or in the name of others, they shall be ordered to dispose of the illegally held shares or other securities of an equity nature in accordance with the law, their illegal gains shall be confiscated, and they shall be fined an amount not exceeding the value of the securities traded. Where such persons are state employees, they shall also be subject to disciplinary action in accordance with the law.

Article 188

Where a securities service institution or its practitioners violate the provisions of Article 42 of this Law by trading securities, they shall be ordered to dispose of the illegally held securities in accordance with the law, their illegal gains shall be confiscated, and they shall be fined an amount not exceeding the value of the securities traded.

Article 189

Where directors, supervisors, senior management personnel, or shareholders holding more than five per cent of the shares of a listed company, or a company whose shares are traded on other national securities trading venues approved by the State Council, violate the provisions of Article 44 of this Law by trading in the company's shares or other securities of an equity nature, they shall be given a warning and fined between RMB 100,000 and RMB 1,000,000.

Article 190

Where any person violates the provisions of Article 45 of this Law by employing algorithmic trading that compromises the security of the securities exchange system or disrupts the normal trading order, they shall be ordered to rectify the violation and shall be fined not less than RMB 500,000 but not more than RMB 5,000,000. The directly responsible managers and other directly responsible personnel shall be given a warning and shall be fined not less than RMB 100,000 but not more than RMB 1,000,000.

Article 191

Where a person privy to inside information concerning securities transactions, or a person who has unlawfully obtained such inside information, engages in insider trading in violation of the provisions of Article 53 of this Law, they shall be ordered to dispose of the unlawfully held securities and gains in accordance with the law, and shall be fined not less than one and not more than ten times the amount of the illegal gains; Where there are no illegal gains or such gains are less than RMB 500,000, a fine of not less than RMB 500,000 but not more than RMB 5,000,000 shall be imposed. Where such insider trading is committed, warnings shall also be issued to the directly responsible managers and other directly responsible personnel, and fines of not less than RMB 200,000 but not more than RMB 2,000,000 shall be imposed. Staff members of the securities regulatory authority under the State Council who engage in insider trading shall be subject to heavier penalties.

Any person who, in violation of the provisions of Article 54 of this Law, engages in trading using undisclosed information shall be punished in accordance with the preceding paragraph.

Article 192

Where a person manipulates the securities market in violation of Article 55 of this Law, they shall be ordered to dispose of the illegally held securities in accordance with the law, their illegal gains shall be confiscated, and they shall be fined not less than one and not more than ten times the amount of the illegal gains. Where there are no illegal gains or the illegal gains are less than one million yuan, a fine of not less than one million yuan but not more than ten million yuan shall be imposed. Where a unit manipulates the securities market, the persons directly responsible and other directly responsible personnel shall also be given a warning and fined not less than 500,000 yuan but not more than 5 million yuan.

Article 193

Any person who, in violation of the provisions of the first and third paragraphs of Article 56 of this Law, fabricates or disseminates false or misleading information, thereby disrupting the securities market, shall have their illegal gains confiscated and shall be fined not more than ten times the amount of such illegal gains; where there are no illegal gains or the illegal gains are less than RMB 200,000, a fine of not less than RMB 200,000 but not more than RMB 2,000,000 shall be imposed.

Where a person violates the provisions of Article 56, paragraph 2 of this Law by making false statements or misleading information in securities trading activities, they shall be ordered to rectify the violation and shall be fined not less than RMB 200,000 but not more than RMB 2,000,000. Where the person is a state functionary, disciplinary action shall also be imposed in accordance with the law.

Where media organisations and their personnel engaged in securities market information reporting violate the provisions of Article 56, Paragraph 3 of this Law by engaging in securities trading that conflicts with their professional duties, the gains shall be confiscated and a fine not exceeding the value of the securities traded shall be imposed.

Article 194

Where a securities company or its employees violate the provisions of Article 57 of this Law and engage in conduct detrimental to the interests of clients, they shall be given a warning, their illegal gains shall be confiscated, and they shall be fined an amount not less than one times the amount of the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 100,000, they shall be fined not less than RMB 100,000 but not more than RMB 1,000,000; where the circumstances are serious, the relevant business licence shall be suspended or revoked.

Article 195

Where any person violates the provisions of Article 58 of this Law by lending their own securities account or borrowing another person's securities account to engage in securities transactions, they shall be ordered to rectify the violation, given a warning, and may be fined not less than RMB 500,000.

Article 196

Where an acquirer fails to fulfil the obligations of announcing the acquisition of a listed company and issuing an acquisition offer as prescribed by this Law, the acquirer shall be ordered to rectify the violation, given a warning, and fined not less than RMB 500,000 but not more than RMB 5,000,000. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000.

Where an acquirer and its controlling shareholders or actual controllers cause losses to the target company and its shareholders by exploiting the acquisition of a listed company, they shall bear liability for compensation in accordance with the law.

Article 197

Where an information disclosure obligor fails to submit relevant reports or fulfil information disclosure obligations as prescribed by this Law, it shall be ordered to rectify the violation, given a warning, and the directly responsible managers and other directly responsible personnel shall be fined between RMB 500,000 and RMB 5,000,000. Where the controlling shareholder or actual controller of the issuer organises the commission of the aforementioned violations, or conceals relevant matters leading to such circumstances, a fine of not less than RMB 500,000 but not more than RMB 5,000,000 shall be imposed; the directly responsible managers and other directly responsible personnel shall be fined not less than RMB 200,000 but not more than RMB 2,000,000.

Where information disclosed by an information disclosure obligor contains false records, misleading statements, or material omissions, the obligor shall be ordered to rectify the matter, given a warning, and fined not less than one million yuan but not more than five million yuan; the directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than 500,000 yuan but not more than 5 million yuan. Where the controlling shareholder, actual controller, or person directing the issuer engages in the aforementioned unlawful acts, or conceals relevant matters leading to such circumstances, a fine of not less than one million yuan but not more than ten million yuan shall be imposed; the directly responsible managers and other directly responsible personnel shall be fined not less than 500,000 yuan but not more than five million yuan.

Article 198

Where a securities company fails to perform or fails to perform in accordance with the provisions of Article 88 of this Law its investor suitability management obligations, it shall be ordered to rectify the situation, given a warning, and fined not less than RMB 100,000 but not more than RMB 1,000,000. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not more than RMB 200,000.

Article 199

Where a person solicits shareholder rights in violation of the provisions of Article 90 of this Law, they shall be ordered to rectify the violation, given a warning, and may be fined not more than RMB 500,000.

Article 200

Where a securities trading venue is unlawfully established, the people's government at or above the county level shall order its closure, confiscate any illegal gains, and impose a fine of not less than one and not more than ten times the amount of such gains; where there are no illegal gains or the gains are less than one million yuan, a fine of not less than one million yuan but not more than ten million yuan shall be imposed. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than 200,000 yuan but not more than one million yuan.

Where a securities exchange violates the provisions of Article 105 of this Law by permitting non-members to directly participate in the centralised trading of shares, it shall be ordered to rectify the violation and may be subject to a fine not exceeding RMB 500,000.

Article 201

Where a securities company violates the provisions of the first paragraph of Article 107 of this Law by failing to verify the identity information provided by investors when opening accounts, it shall be ordered to rectify the violation, given a warning, and fined not less than five thousand yuan but not more than ten thousand yuan. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not more than one hundred thousand yuan.

Where a securities company violates the provisions of Article 107, Paragraph 2 of this Law by providing an investor's account for use by others, it shall be ordered to rectify the violation, given a warning, and fined not less than RMB 100,000 but not more than RMB 1,000,000. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not more than RMB 200,000.

Article 202

Any person who contravenes the provisions of Article 118 or Article 120(1) and (4) of this Law by establishing a securities company without authorisation, conducting securities business illegally, or engaging in securities business activities under the name of a securities company without approval shall be ordered to rectify the violation, have any illegal gains confiscated, and be fined not less than one and not more than ten times the amount of such illegal gains. Where there are no illegal gains or the illegal gains are less than one million yuan, a fine of not less than ten thousand yuan but not more than ten million yuan shall be imposed. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000. The securities company shall be dissolved by the securities regulatory authority of the State Council.

Where a securities company violates the provisions of Article 120(5) of this Law by providing securities margin financing and securities lending services, the illegal gains shall be confiscated and a fine not exceeding the equivalent value of the margin financing and securities lending shall be imposed; where the circumstances are serious, the company shall be prohibited from engaging in securities margin financing and securities lending business for a specified period. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000.

Article 203

Where false certification documents are submitted or other fraudulent means are employed to obtain a licence for the establishment of a securities company, a business licence, or approval for a major change, the relevant licence shall be revoked and a fine of not less than one million yuan but not more than ten million yuan shall be imposed. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than two hundred thousand yuan but not more than two million yuan.

Article 204

Where a securities company violates the provisions of Article 122 of this Law by altering its securities business scope, changing its principal shareholders or actual controller, or undergoing merger, division, cessation of business, or liquidation without prior approval, it shall be ordered to rectify the violation, given a warning, have its illegal gains confiscated, and be fined between one and ten times the amount of such illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of between RMB 100,000 and RMB 5 million shall be imposed; where the circumstances are serious, the relevant business licence shall also be revoked. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 100,000 but not more than RMB 2,000,000.

Article 205

Where a securities company violates the provisions of the second paragraph of Article 123 of this Law by providing financing or guarantees to its shareholders or persons associated with its shareholders, it shall be ordered to rectify the violation, given a warning, and fined not less than five hundred thousand yuan but not more than five million yuan. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than one hundred thousand yuan but not more than one million yuan. Where shareholders are at fault, the State Council securities regulatory authority may restrict their shareholder rights pending rectification; where they refuse to rectify, they may be ordered to transfer their equity holdings in the securities company.

Article 206

Where a securities company violates the provisions of Article 128 of this Law by failing to adopt effective isolation measures to prevent conflicts of interest, or by failing to separate the handling of relevant business operations and engaging in mixed operations, it shall be ordered to rectify the violation, given a warning, have its illegal gains confiscated, and be fined an amount not less than one times but not more than ten times the amount of the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of not less than RMB 500,000 but not more than RMB 5 million shall be imposed; where the circumstances are serious, the relevant business licence shall also be revoked. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000.

Article 207

Where a securities company engages in proprietary securities trading in violation of the provisions of Article 129 of this Law, it shall be ordered to rectify the violation, given a warning, have its illegal gains confiscated, and be fined an amount not less than one times but not more than ten times the amount of the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of not less than RMB 500,000 but not more than RMB 5,000,000 shall be imposed; where the circumstances are serious, the relevant business licence shall be revoked or the business shall be closed down. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000.

Article 208

Where any person violates the provisions of Article 131 of this Law by incorporating clients' funds and securities into their own assets, or misappropriating clients' funds and securities, they shall be ordered to rectify the violation, given a warning, and the illegal gains shall be confiscated. A fine of not less than one and not more than ten times the amount of the illegal gains shall also be imposed. Where there are no illegal gains or the illegal gains are less than one million yuan, a fine of not less than one million yuan but not more than ten million yuan shall be imposed. Where the circumstances are serious, the relevant business licence shall be revoked or the entity shall be ordered to close. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 500,000 but not more than RMB 5 million.

Article 209

Where a securities company violates the provisions of Article 134(1) of this Law by accepting a client's discretionary mandate to trade securities, or violates the provisions of Article 135 of this Law by making commitments regarding a client's profits or losses, it shall be ordered to rectify the violation, given a warning, have its illegal gains confiscated, and be fined not less than one and not more than ten times the amount of such illegal gains. Where there are no illegal gains or the illegal gains are less than RMB 100,000, a fine of not less than RMB 500,000 but not more than RMB 5,000,000 shall be imposed; where the circumstances are serious, the relevant business licence shall also be revoked. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000.

Where a securities company violates the provisions of the second paragraph of Article 134 of this Law by permitting others to directly participate in centralised securities trading in the name of the securities company, it shall be ordered to rectify the violation and may be subject to a fine of not less than fifty per cent of the illegal gains.

Article 210

Where an employee of a securities company privately accepts a client's commission to trade securities in violation of the provisions of Article 136 of this Law, the employee shall be ordered to rectify the violation, given a warning, have any illegal gains confiscated, and be fined not less than one and not more than ten times the amount of the illegal gains; where there are no illegal gains, a fine of not more than RMB 500,000 shall be imposed.

Article 211

Where a securities company, its principal shareholders, or actual controllers violate the provisions of Article 138 of this Law by failing to submit or provide information and materials, or by submitting or providing information and materials containing false or misleading statements or material omissions, they shall be ordered to rectify the violation, given a warning, and fined not more than one million yuan; where the circumstances are serious, the relevant business licence shall also be revoked. The directly responsible officers and other directly responsible personnel shall be given a warning and fined not more than five hundred thousand yuan.

Article 212

Where any person establishes a securities registration and settlement institution without authorisation in contravention of the provisions of Article 145 of this Law, the securities regulatory authority under the State Council shall order its abolition, confiscate any illegal gains, and impose a fine not exceeding ten times the amount of the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of not less than RMB 500,000 but not exceeding RMB 5,000,000 shall be imposed. The directly responsible managers and other personnel shall be given a warning and fined not less than RMB 200,000 but not exceeding RMB 2,000,000.

Article 213

Where a securities investment advisory institution engages in securities services without authorisation in contravention of the second paragraph of Article 160 of this Law, or engages in securities services in contravention of the provisions of Article 161 of this Law, it shall be ordered to rectify the violation, its illegal gains shall be confiscated, and it shall be fined not less than one and not more than ten times the amount of the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of not less than RMB 500,000 shall be imposed. The persons directly responsible and other directly liable personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000.

Where an accounting firm, law firm, or an institution engaged in asset appraisal, credit rating, financial advisory, or information technology system services violates the provisions of Article 160(2) of this Law by engaging in securities services without filing a record, it shall be ordered to rectify the violation and may be fined not exceeding RMB 200,000.

Where a securities service institution violates the provisions of Article 163 of this Law by failing to exercise due diligence, and the documents it prepares or issues contain false records, misleading statements, or material omissions, it shall be ordered to rectify the violation and shall be fined an amount not less than one times but not more than ten times its business income. Where there is no business income or the business income is less than RMB 500,000, a fine of not less than RMB 500,000 but not more than RMB 5,000,000 shall be imposed. Where the circumstances are serious, the institution shall also be subject to suspension or prohibition from engaging in securities service business. The directly responsible managers and other directly responsible personnel shall be given a warning and fined not less than RMB 200,000 but not more than RMB 2,000,000.

Article 214

Where an issuer, securities registration and settlement institution, securities company, or securities service institution fails to preserve relevant documents and materials as required, it shall be ordered to rectify the violation, given a warning, and fined not less than RMB 100,000 but not more than RMB 500,000. Where such documents and materials are disclosed, concealed, forged, altered, or destroyed, a warning shall be given and a fine of not less than RMB 200,000 but not more than RMB 2,000,000 shall be imposed. Where the circumstances are serious, a fine of not less than RMB 500,000 but not more than RMB 5,000,000 shall be imposed, and the relevant business licence shall be suspended or revoked, or the entity shall be prohibited from engaging in the relevant business. The persons directly responsible in charge and other directly responsible persons shall be held accountable and shall be fined not less than RMB 100,000 but not more than RMB 1,000,000.

Article 215

The State Council Securities Regulatory Authority shall, in accordance with the law, incorporate the compliance of relevant market entities with this Law into the securities market integrity records.

Article 216

Where the State Council Securities Regulatory Authority or a department authorised by the State Council commits any of the following acts, the directly responsible supervisors and other directly responsible personnel shall be subject to disciplinary action in accordance with the law:

- (1) Approving, registering, or granting permission for applications to issue securities or establish securities companies that do not comply with the provisions of this Law;
 - (2) Taking measures such as on-site inspections, investigation and evidence collection, enquiries, freezing or seizure in violation of the provisions of this Law;
 - (iii) imposing supervisory measures on relevant institutions and personnel in violation of this Law;
 - (iv) imposing administrative penalties on relevant institutions or individuals in violation of this Law;
 - (v) other acts of failing to perform duties in accordance with the law.
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Article 217

Staff members of the State Council Securities Regulatory Authority or departments authorised by the State Council who fail to perform their duties as prescribed by this Law, abuse their powers, neglect their duties, use their official positions to seek improper gains, or disclose commercial secrets of relevant entities and individuals that have come to their knowledge shall be held legally liable.

Article 218

Any person who refuses or obstructs the securities regulatory authority or its staff in lawfully exercising their supervisory inspection or investigative powers shall be ordered by the securities regulatory authority to rectify the situation, and shall be fined not less than RMB 100,000 but not more than RMB 1,000,000, and shall also be subject to administrative penalties for public security management by the public security organs in accordance with the law.

Article 219

Where a violation of the provisions of this Law constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 220

Where a person violates the provisions of this Law and is liable to bear civil liability for damages and to pay fines, penalties, or illicit gains, and the property of the person who committed the violation is insufficient to cover such liabilities, priority shall be given to bearing the civil liability for damages.

Article 221

Where a violation of laws, administrative regulations, or the relevant provisions of the State Council Securities Regulatory Authority constitutes a serious offence, the State Council Securities Regulatory Authority may impose securities measures on the responsible personnel.

The term "securities market ban" referred to in the preceding paragraph denotes a system whereby, for a specified period or even for life, the individual concerned shall not be permitted to engage in securities business or securities services, shall not be permitted to serve as a director, supervisor or senior manager of a securities issuer, or shall not be permitted to trade securities on a securities exchange or other national securities trading venue approved by the State Council for a specified period.

Article 222

All fines collected and illegal gains confiscated pursuant to this Law shall be paid into the national treasury.

Article 223

Where a party concerned is dissatisfied with a penalty decision made by a securities regulatory authority or a department authorised by the State Council, it may apply for administrative reconsideration in accordance with the law, or directly bring a lawsuit before a people's court in accordance with the law.

Chapter XIV Supplementary Provisions

Article 224

Domestic enterprises issuing securities directly or indirectly overseas, or listing their securities for trading overseas, shall comply with the relevant provisions of the State Council.

Article 225


Where shares of domestic companies are subscribed for and traded in foreign currencies, specific measures shall be prescribed separately by the State Council.

This Law shall come into force on 1 March 2020.



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