



Regulations on the Administration of Corporate Bonds

(Promulgated by Decree No. 121 of the State Council of the People's Republic of China on August 2, 1993, amended in accordance with the Decision of the State Council on the Repeal and Amendment of Some Administrative Regulations on January 8, 2011)

Chapter 1 General Provisions

Article 1 These Regulations are formulated in order to strengthen the management of corporate bonds, guide the rational flow of funds, effectively use idle funds in society, and protect the legitimate rights and interests of investors.

Article 2 These Regulations apply to bonds issued by enterprises with legal personality in the People's Republic of China (hereinafter referred to as enterprises). However, financial bonds and foreign currency bonds are excluded.

Except for the enterprises specified in the preceding paragraph, no unit or individual shall issue corporate bonds.

Article 3 Enterprises must carry out fund-raising activities for a fee through the public issuance of corporate bonds. However, unless otherwise provided by law and the State Council.

Article 4 The issuance and purchase of corporate bonds shall follow the principles of voluntariness, mutual benefit and compensation.

Chapter 2 Enterprise Bonds

Article 5 The term "corporate bonds" as used in these Regulations refers to securities issued by enterprises in accordance with legal procedures and agreed to repay principal and interest within a certain period of time.

Article 6 The face of an enterprise bond shall contain the following contents:

- (1) The name and domicile of the enterprise;
- (2) The face value of the corporate bonds;
- (3) The interest rate of corporate bonds;
- (4) The time limit and method of principal repayment;
- (5) The method of interest payment;

- (6) The date and number of the issuance of corporate bonds;
- (7) The seal of the enterprise and the signature of the legal representative of the enterprise;
- (8) The document number and date of approval of the issuance by the approval authority.

Article 7 Corporate bondholders have the right to obtain interest and recover the principal within the agreed period, but they do not have the right to participate in the operation and management of the enterprise.

Article 8 The holder of corporate bonds shall not be liable for the operating conditions of the enterprise.

Article 9 Enterprise bonds may be transferred, mortgaged, and inherited.

Chapter III Management of Enterprise Bonds

Article 10 The State Planning Commission, together with the People's Bank of China, the Ministry of Finance, and the Securities Commission of the State Council, shall formulate the annual scale and various indicators of the national corporate bond issuance within the scope of the national enterprise bond issuance, and after reporting to the State Council for approval, it shall be issued to the people's governments of all provinces, autonomous regions, municipalities directly under the Central Government, and cities with separate plans and relevant departments of the State Council for implementation.

Without the consent of the State Council, any place or department shall not exceed the annual scale of corporate bond issuance without authorization, and shall not adjust various indicators within the annual scale without authorization.

Article 11 The issuance of corporate bonds by enterprises must be approved in accordance with the provisions of these Regulations; Without approval, corporate bonds shall not be issued without authorization or in disguise.

The issuance of corporate bonds by central enterprises shall be approved by the People's Bank of China in conjunction with the State Planning Commission. The issuance of corporate bonds by local enterprises shall be approved by the branches of the People's Bank of China provinces, autonomous regions, municipalities directly under the Central Government and cities separately included in the plan in conjunction with the planning authorities at the same level.

Article 12 The issuance of corporate bonds by an enterprise must meet the following conditions:

- (1) The scale of the enterprise meets the requirements stipulated by the state;
- (2) The financial accounting system of the enterprise complies with national regulations;
- (3) Have the ability to repay debts;
- (4) The economic benefits of the enterprise are good, and it has been profitable for 3 consecutive years before issuing corporate bonds;
- (5) The use of funds raised is in line with the national industrial policy.

Article 13 An enterprise issuing corporate bonds shall formulate an issuance charter.

The articles of association shall include the following contents:

- (1) The name, domicile, business scope, and legal representative of the enterprise;
- (2) The production and operation status of the enterprise in the past three years and the basic information of related business development;
- (3) Financial reports;
- (4) The net asset value of the enterprise;
- (5) The use of funds raised;
- (6) Benefit forecasting;
- (7) The object, time, term and method of issuance;
- (8) The type and term of the bond;
- (9) The interest rate of the bond;
- (10) The total face value of the bonds;
- (11) The method of principal and interest repayment;
- (12) Other matters specified by the examination and approval authority.

Article 14 An enterprise applying for the issuance of corporate bonds shall submit the following documents to the examination and approval authority:

- (1) Application for issuance of corporate bonds;
- (2) Business license;
- (3) Articles of Association;
- (4) The financial reports of the enterprise audited by the accounting firm for the past three years;
- (5) Other materials required by the examination and approval authority.

If an enterprise issues corporate bonds for fixed asset investment and needs to be approved by the relevant departments in accordance with relevant state regulations, it shall also submit the approval documents of the relevant departments.

Article 15 An enterprise issuing corporate bonds shall publish the issuance articles approved by the examination and approval authority.

Enterprises issuing corporate bonds can apply for credit ratings from

recognized bond rating agencies.

Article 16 The total face value of the enterprise bonds issued by an enterprise shall not be greater than the net asset value of the enterprise.

Article 17 If an enterprise issues corporate bonds for fixed asset investment, it shall be handled in accordance with the provisions of the State on fixed asset investment.

Article 18 The interest rate of corporate bonds shall not be higher than 40% of the interest rate of the bank's resident savings time deposit for the same period.

Article 19 No unit shall purchase corporate bonds with the following funds:

- (1) Financial budget allocation;
- (2) Bank loans;
- (3) Other funds stipulated by the state shall not be used to purchase corporate bonds.

Institutions handling savings business shall not use the savings deposits they absorb to purchase corporate bonds.

Article 20 The funds raised by enterprises issuing corporate bonds shall be used for the production and operation of the enterprise in accordance with the purposes approved by the examination and approval authority.

The funds raised by the issuance of corporate bonds shall not be used for real estate trading, stock trading, futures trading, and other risky investments unrelated to the production and operation of the enterprise.

Article 21 The issuance of corporate bonds by enterprises shall be underwritten by securities operating institutions.

When underwriting corporate bonds, securities operating institutions shall verify the authenticity, accuracy and completeness of the issuance articles and other relevant documents of the enterprise issuing the bonds.

Article 22 The transfer of corporate bonds shall be carried out in approved places where bond transactions may be conducted.

Article 23 Non-securities business institutions and individuals shall not engage in the underwriting and transfer of enterprise bonds.

Article 24 The interest income from enterprise bonds earned by units and individuals shall be taxed in accordance with state regulations.

Article 25 The People's Bank of China, its branches and the State Securities Regulatory Authority shall be responsible for supervising and inspecting the issuance and trading of corporate bonds in accordance with their prescribed duties.

第四章 法律 责任

第二十六条 未经批准发行或者变相发行企业债券的，以及未通过证券经营机构发行企业债券的，责令停止发行活动，退还非法所筹资金，处以相当于非法所筹资金金额5%以下的罚款。

第二十七条 超过批准数额发行企业债券的，责令退还超额发行部分或者核减相当于超额发行金额的贷款额度，处以相当于超额发行部分5%以下的罚款。

第二十八条 超过本条例第十八条规定的最高利率发行企业债券的，责令改正，处以相当于所筹资金金额5%以下的罚款。

第二十九条 用财政预算拨款、银行贷款或者国家规定不得用于购买企业债券的其他资金购买企业债券的，以及办理储蓄业务的机构用所吸收的储蓄存款购买企业债券的，责令收回该资金，处以相当于所购买企业债券金额5%以下的罚款。

第三十条 未按批准用途使用发行企业债券所筹资金的，责令改正，没收其违反批准用途使用资金所获收益，并处以相当于违法使用资金金额5%以下的罚款。

第三十一条 非证券经营机构和个人经营企业债券的承销或者转让业务的，责令停止非法经营，没收非法所得，并处以承销或者转让企业债券金额5%以下的罚款。

第三十二条 本条例第二十六条、第二十七条、第二十八条、第二十九条、第三十条、第三十一条规定的处罚，由中国人民银行及其分支机构决定。

第三十三条 对本条例第二十六条、第二十七条、第二十八条、第二十九条、第三十条、第三十一条所列违法行为的单位的法定代表人和直接责任人员，由中国人民银行及其分支机构给予警告或者处以1万元以上10万元以下的罚款；构成犯罪的，依法追究刑事责任。

第三十四条 地方审批机关违反本条例规定，批准发行企业债券的，责令改正，给予通报批评，根据情况相应核减该地方企业债券的发行规模。

第三十五条 企业债券监督管理机关的工作人员玩忽职守、徇私舞弊的，给予行政处分；构成犯罪的，依法追究刑事责任。

第三十六条 发行企业债券的企业违反本条例规定，给他人造成损失的，应当依法承担民事赔偿责任。

第五章 附 则

第三十七条 企业发行短期融资券，按照中国人民银行有关规定执行。

第三十八条 本条例由中国人民银行会同国家计划委员会解释。

第三十九条 本条例自发布之日起施行。1987年3月27日国务院发布的《企业债券管理暂行条例》同时废止。