

Measures for the Registration of Pledges of Accounts Receivable of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Measures are formulated in accordance with the Real Right Law of the People's Republic of China and other relevant laws for the purposes of regulating the registration of pledges of accounts receivable, safeguarding the security of transactions, and promoting the financing of small and medium-sized enterprises.

Article 2 — For the purposes of these Measures, "accounts receivable" means the rights of a creditor to demand payment from a debtor for the provision of goods, services, or facilities, as well as other rights that may be pledged in accordance with the law, including existing and future monetary claims and the proceeds thereof, but excluding negotiable instruments or other negotiable securities for which a pledge is created by way of endorsement. The specific scope of accounts receivable includes the following rights: (1) rights to payment arising from sales, including the sale of goods and the supply of water, electricity, gas, and heat; (2) rights to payment arising from the leasing of movable or immovable property; (3) rights to payment arising from the provision of services; (4) rights to payment arising from real estate or infrastructure projects, such as toll rights for highways, bridges, tunnels, and ferries; (5) rights to payment arising from the provision of loans or other credit facilities; and (6) other rights to payment arising from the provision of goods, services, or facilities.

Article 3 — These Measures shall apply to pledges of accounts receivable where the pledgor is a legal person or other organization registered within the territory of the People's Republic of China and the pledgee

is a financial institution. The pledgee may be a financial institution both within and outside the territory, and shall have the qualifications and business scope to engage in the lending business.

Article 4 — The People's Bank of China shall establish a registration and publicity system for pledges of accounts receivable. The Credit Reference Center of the People's Bank of China shall be the registration authority for pledges of accounts receivable. The Credit Reference Center shall establish an Internet-based registration and publicity system for pledges of accounts receivable to handle the registration of pledges of accounts receivable and provide inquiry services to the public.

Article 5 — The types of registration for pledges of accounts receivable shall include initial registration, modification registration, cancellation registration, and opposition registration. The registration shall be filed by the pledgee. Where the pledgee entrusts another person to file the registration, the relevant provisions on entrustment shall apply.

Article 6 — The parties to a pledge of accounts receivable shall enter into a written pledge contract. The pledge contract shall specify the following: (1) the type and amount of the principal claim secured; (2) the time limit for the debtor to perform the obligation; (3) a description of the accounts receivable; (4) the scope of the security; and (5) other matters deemed necessary by the parties.

Chapter II — Registration

Article 7 — The registration of a pledge of accounts receivable shall include the following contents: (1) the basic information of the pledgee and the pledgor; (2) a description of the accounts receivable; (3) the registration period; and (4) other matters that the pledgee considers necessary to register. The pledgor shall provide the pledgee with the relevant information necessary for the registration.

Article 8 — The registration content shall be true, accurate, and complete. The pledgee shall be responsible for the authenticity, accuracy, and completeness of the registration content. Where the registration content is inconsistent with the pledge contract or is incomplete, the pledgee shall bear the corresponding legal liability.

Article 9 — The pledgee shall complete the registration through the registration and publicity system. The registration authority shall not conduct any substantive examination of the registration content.

Article 10 — The pledgee shall determine the registration period according to the time limit for the debtor to perform the obligation under the principal claim. The registration period shall be specified in years, and the maximum registration period shall be five years. The registration period may be extended, and the period of each extension shall not exceed five years.

Article 11 — Where the registration period expires and the pledge has not been extinguished, the pledgee shall, within 90 days before the expiry of the registration period, apply for an extension. Where the pledgee fails to apply for an extension within the period specified in the preceding paragraph, the registration shall become invalid upon the expiry of the registration period.

Article 12 — Where any of the registered contents is changed, the pledgee shall handle the modification registration. Where the principal claim secured by the pledge is extinguished, the pledgee shall handle the cancellation registration.

Article 13 — Where a pledgor or any other interested party considers that the registration content is inconsistent with the actual situation, it may request the pledgee to modify or cancel the registration. Where the pledgee refuses to modify or cancel the registration within four working days from the date of receiving the request, the pledgor or the interested party may file an opposition registration with the registration authority.

Article 14 — The validity period of an opposition registration shall be 30 days from the date of opposition registration. Where the pledgor or the interested party fails to file a lawsuit or apply for arbitration within the validity period of the opposition registration, the opposition registration shall become invalid upon the expiry

of the validity period.

Article 15 — Where the pledgee, the pledgor, or any other interested party provides false materials or other deceptive methods in the registration, the registration authority shall revoke the registration. Where losses are caused to another person, the party concerned shall bear the corresponding liability for compensation in accordance with the law.

Chapter III — Supervision

Article 16 — The Credit Reference Center shall formulate the operating rules for the registration of pledges of accounts receivable and shall be responsible for the maintenance of the registration and publicity system, ensuring the safe and stable operation of the system.

Article 17 — The Credit Reference Center shall provide inquiry services to the public. Any work unit or individual may, after registering as a user of the registration and publicity system, inquire about the registration information on pledges of accounts receivable.

Article 18 — The Credit Reference Center shall properly keep the registration information and shall keep confidential the commercial secrets and personal privacy that it comes to know in the course of registration.

Article 19 — The People's Bank of China shall supervise and administer the registration and publicity activities for pledges of accounts receivable.

Article 20 — Where a functionary of the Credit Reference Center violates the provisions of these Measures, the People's Bank of China shall order it to make corrections and impose disciplinary action on the directly responsible person in charge and other directly liable persons in accordance with the law.

Chapter IV — Supplementary Provisions

Article 21 — The registration of pledges of accounts receivable shall be filed through the registration and publicity system established by the Credit Reference Center, and the registration authority may not charge fees for the registration.

Article 22 — The pledge of accounts receivable shall be created upon the registration of the pledge with the Credit Reference Center. The order of priority among pledges of accounts receivable shall be determined according to the time sequence of the registration.

Article 23 — A pledgee of accounts receivable that is not a financial institution shall be governed by the relevant provisions of these Measures with respect to the registration and publicity of the pledge.

Article 24 — The People's Bank of China shall be responsible for the interpretation of these Measures.

Article 25 — These Measures shall come into force on October 1, 2007.

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