Regulation on Optimizing the Business Environment of the PRC

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Chapter I — General Provisions

Article 1 — This Regulation is enacted for the purpose of continuously optimizing the business environment, continuously liberating and developing social productive forces, accelerating the building of a modern economic system, and promoting high-quality development.

Article 2 — For the purposes of this Regulation, "business environment" refers to the institutions, mechanisms, and conditions involved in the market activities of enterprises and other market entities, including the market environment, government services, regulatory enforcement, and the rule of law guarantee.

Article 3 — The state shall continuously deepen reform and opening up, improve the system and mechanisms conducive to stimulating the vitality of market entities and the optimal allocation of resources,

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adhere to the market-oriented, law-based, and internationalized principles, uphold equal treatment for all types of market entities, and foster a stable, fair, transparent, and predictable business environment.

Article 4 — Governments at all levels and their departments shall adhere to the separation of government administration and enterprise management, the transformation of government functions, the deepening of the reform to streamline administration and delegate power, combine delegation with regulation, and optimize services, to improve the efficiency and quality of government services, effectively reduce institutional transaction costs, stimulate the vitality of market entities and social creativity, and enhance the sense of gain among market entities and the general public.

Article 5 — The state shall encourage and support the participation of all sectors of society in the construction of the business environment, and shall, in accordance with the law, protect the right of market entities and the general public to know, participate in, express opinions on, and oversee the optimization of the business environment.

Article 6 — The state shall establish and improve a business environment evaluation system, using the satisfaction of market entities and the general public as the fundamental criterion for evaluating the quality of the business environment, and shall bring the evaluation of the business environment into the comprehensive assessment and evaluation system for high-quality development.

Article 7 — The state shall commend and reward, in accordance with relevant regulations, entities and individuals that have achieved outstanding results in optimizing the business environment.

Article 8 — The relevant departments of the State Council shall, in accordance with their respective functions, take the lead in optimizing the business environment within their respective areas. Local people's governments at or above the county level shall, in accordance with their functions, take the lead in the work of optimizing the business environment within their respective administrative regions. The main responsible persons of local people's governments at or above the county level shall be the first responsible persons for optimizing the business environment within their respective administrative regions.

Article 9 — The state shall establish and improve a coordination mechanism for optimizing the business environment. The relevant departments of the State Council and local people's governments at or above the county level shall establish mechanisms for communication, coordination, and cooperation, to promptly address outstanding problems in the optimization of the business environment.

Chapter II — Market Entity Protection

Article 10 — The state shall uphold the equal protection of the rights and interests of all types of market entities, including the equal protection of property rights, operational autonomy, and other lawful rights and interests in accordance with the law. The state shall ensure that all types of market entities equally use factors of production such as capital, technology, human resources, land, and data in accordance with the law, and equally enjoy state support policies.

Article 11 — Market entities shall enjoy the right to operational autonomy in accordance with the law, and their operational autonomy shall not be illegally interfered with. No entity or individual may illegally interfere with the business operations of market entities, nor force market entities to accept unreasonable conditions or requirements in any form.

Article 12 — The state shall guarantee the equal access of all types of market entities to capital, technology, human resources, land, data, and other factors of production and public service resources in accordance with the law. No entity or individual may illegally restrict or exclude market entities from lawfully accessing factors of production and public service resources.

Article 13 — The state shall protect the property rights and other lawful rights and interests of market entities in accordance with the law. When expropriating or requisitioning the property of market entities for public

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interest purposes, compensation shall be made in accordance with the law and in a timely and fair manner. No entity or individual may illegally seal up, seize, freeze, confiscate, or dispose of the property of market entities in any other manner.

Article 14 — The state shall protect the legitimate rights and interests of the investors and operators of market entities, and shall protect the legitimate rights and interests of various types of enterprises such as sole proprietorship enterprises, partnership enterprises, and companies in accordance with the law. The state shall promote fair competition and oppose monopolistic practices and unfair competition.

Article 15 — The state shall protect the intellectual property rights of market entities in accordance with the law, establish a punitive damages system for intellectual property infringement, strengthen the administrative enforcement of intellectual property rights protection, and improve the coordination mechanism between administrative enforcement and judicial protection of intellectual property rights.

Article 16 — The state shall strengthen the protection of the personal safety and property safety of operators of small and medium-sized enterprises and other market entities. Public security organs shall, in accordance with the law, promptly investigate and handle illegal and criminal acts such as extortion, forced transactions, and picking quarrels and provoking trouble that harm the personal and property rights of operators of market entities.

Article 17 — The state shall protect the legitimate rights and interests of market entities in accordance with the law, and no entity or individual may illegally charge fees, impose fines, or apportion expenses to market entities, nor illegally require market entities to provide sponsorship, donations, or other financial contributions, nor illegally force market entities to accept services and pay fees.

Article 18 — The state shall establish a unified enterprise-related fee catalog and a business-related fee catalog. Fee-collecting entities shall collect fees in accordance with the law and publicize the basis and standards for fee collection. Market entities have the right to refuse to pay fees that are not listed in the fee catalog.

Article 19 — The state shall encourage and support industry associations and chambers of commerce to play their role in the protection of market entity rights and interests. Industry associations and chambers of commerce shall reflect the demands of market entities in a timely manner and shall not illegally charge fees, impose fines, or apportion expenses to market entities, nor illegally require market entities to provide sponsorship, donations, or other financial contributions.

Chapter III — Market Environment

Article 20 — The state shall implement a unified negative list system for market access. All types of market entities may equally enter fields, industries, and businesses not included in the negative list in accordance with the law. The negative list for market access shall be strictly implemented. No locality or department may separately formulate a negative list for market access or separately set conditions for market access that are not provided for in the negative list.

Article 21 — The state shall deepen the reform of the commercial system, promote the reform of separating business licenses from administrative permits, simplify the approval procedures for enterprise registration, and reduce the time required for enterprise registration. Unless otherwise provided by laws and administrative regulations, no locality or department may set enterprise registration pre-approval conditions.

Article 22 — The state shall implement the reform of the integration of multiple certificates into one and the integration of multiple codes into one for enterprise registration, and shall promote the electronic application and mutual recognition of enterprise registration and tax registration, social insurance registration, and statistical registration.

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Article 23 — The state shall continue to relax market access, implement the reform of separating permits from business licenses, and reduce the items subject to enterprise production and operation licensing approval. For matters covered by the reform of separating permits from business licenses, enterprises may carry out relevant business activities after obtaining a business license and fulfilling the required filing or commitment procedures.

Article 24 — The state shall promote the convenient deregistration of market entities, simplify the procedures for enterprise deregistration, and shorten the time required for enterprise deregistration. For enterprises that have not been in operation and have no creditor-debtor relationships, simplified deregistration procedures may apply.

Article 25 — The state shall guarantee the fair participation of all types of market entities in government procurement and bidding and tendering activities in accordance with the law. Tenderers and government procurement procurers shall not illegally restrict or exclude potential bidders or suppliers, nor illegally restrict the organizational form or form of ownership of bidders or suppliers.

Article 26 — The state shall promote fair competition, strengthen and improve antitrust enforcement and anti-unfair competition enforcement, and prevent and stop monopolistic practices and unfair competition that exclude or restrict competition.

Article 27 — State organs, public institutions, and organizations authorized by laws and regulations to have public affairs management functions shall not abuse their administrative powers to exclude or restrict competition. The state shall establish and improve a fair competition review system to prevent the introduction of policies and measures that exclude or restrict competition.

Article 28 — The state shall improve the financing environment for market entities, support financial institutions in expanding the scale of loans to private enterprises and small and medium-sized enterprises, increasing the proportion of medium and long-term loans and credit loans, rationally setting the term of working capital loans, lowering the comprehensive cost of financing for small and micro enterprises, and improving the efficiency of financial services for the real economy.

Article 29 — The state shall promote the construction of a social credit system, strengthen the collection and sharing of credit information, implement credit-based differentiated regulation, and establish and improve mechanisms for credit restoration. No entity or individual may illegally collect, use, process, or transmit credit information of market entities, nor illegally provide, disclose, or sell credit information of market entities.

Article 30 — The state shall promote the development of intermediary services, and intermediary service institutions shall clarify the conditions, procedures, time limits, and fee standards for their services. The relevant government departments shall strengthen supervision and management of intermediary service institutions in accordance with the law, and no intermediary service institution may illegally charge fees or force market entities to accept intermediary services.

Article 31 — The state shall improve the supply of human resources, establish and improve a unified and open human resources market system, break down urban-rural, regional, and industry segmentation, and promote the rational and orderly flow of human resources. The state shall improve the system of unemployment insurance and employment assistance, and strengthen vocational skills training.

Article 32 — The state shall improve the mechanism for technological innovation, encourage market entities to increase investment in research and development, support the transformation and application of scientific and technological achievements, and protect the legitimate rights and interests of innovators. The state shall improve the public service system for scientific and technological innovation and promote the sharing of scientific and technological resources.

Article 33 — The state shall promote the reform of the factor price formation mechanism, improve the mechanism whereby prices are mainly determined by the market, and reduce government pricing items.

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Government-priced items shall be limited to important public utilities, public welfare services, and goods and services subject to networked natural monopoly operations.

Article 34 — The state shall implement policies and measures for tax and fee reduction, timely study and resolve difficulties and problems encountered by market entities in the course of business operations, effectively reduce the burden on enterprises, and stimulate the vitality of market entities.

Chapter IV — Government Services

Article 35 — People's governments at all levels and their departments shall enhance their awareness of services, transform their work style, innovate service methods, improve service efficiency and quality, and provide market entities with standardized, convenient, and efficient government services.

Article 36 — The state shall promote the establishment of government service centers, implement centralized handling of government service matters, and promote online government services. Unless otherwise provided by laws and regulations or involving state secrets or other circumstances where on-site handling is required, government service matters shall be accepted and processed through the integrated online government service platform.

Article 37 — The state shall accelerate the construction of an integrated national online government service platform, promote the interconnection and data sharing of government service platforms across regions, departments, and levels, and promote the handling of government service matters across regions, departments, and levels.

Article 38 — Government departments shall compile and publish lists of government service matters, specifying the conditions, procedures, time limits, fee standards, and other elements for handling each matter, and update the lists in a timely manner. No requirements that are not included in the list may be imposed on market entities.

Article 39 — The state shall implement the reform of one-stop acceptance and processing of administrative licensing matters, and shall implement the reform of notification and commitment for administrative licensing matters. For those matters that meet the conditions, the government department shall make a decision on administrative licensing in accordance with the law based on the commitment of the applicant.

Article 40 — The state shall reduce the number of items requiring certification, and publicize the list of items requiring certification. Where it is possible to obtain information through information sharing or online verification between government departments, no certificates or certification materials may be requested from market entities.

Article 41 — Government departments shall optimize the approval process for enterprise-related matters, reduce the number of approval stages, and shorten the approval time. For multiple approval matters submitted by market entities, government departments may implement combined approval and parallel processing.

Article 42 — Government departments shall disclose their working rules, service standards, fee standards, and handling time limits, and shall implement a one-time notification system. The staff of government service windows shall not refuse to accept an application if the application materials are incomplete or do not conform to the statutory form without providing a one-time notification of the required supplements and corrections.

Article 43 — The state shall implement the reform of separating investment project approval from construction project approval, optimize the investment project approval process, and promote parallel approval at all stages of investment project approval. The state shall establish and improve the national online approval and supervision platform for investment projects.

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Article 44 — The state shall optimize the administrative approval process for construction projects, implement the reform of joint review and joint inspection of construction projects, reduce the number of approval matters and approval stages, and shorten the approval time. For eligible construction projects, the notification and commitment system may be implemented.

Article 45 — Customs, border inspection, and other port management departments shall optimize customs clearance procedures, improve customs clearance efficiency, and reduce customs clearance time. For goods that meet the conditions, the system of release before inspection and rapid customs clearance may be implemented.

Article 46 — Tax authorities shall optimize tax payment services, simplify tax procedures, promote electronic tax declaration and online tax handling, and reduce tax compliance costs for market entities. Tax authorities shall implement a time-limited handling system for export tax refunds.

Article 47 — Real estate registration authorities shall optimize the real estate registration process, shorten the time required for registration, and implement integrated handling of real estate registration, transaction, and tax payment. For eligible real estate registration matters, online handling may be implemented.

Article 48 — Government departments shall promote the interconnection and mutual recognition of electronic licenses, electronic seals, electronic signatures, and electronic archives, and promote the application of electronic licenses and electronic seals in government service matters such as enterprise-related approvals and public services.

Article 49 — The state shall establish and improve a system for accepting and responding to demands and suggestions from market entities. Government departments shall accept demands and suggestions from market entities through channels such as government service hotlines, government service platforms, and online message boards, and respond and handle them in a timely manner.

Article 50 — Government departments shall establish and improve mechanisms for government-business communication, and shall listen to the opinions and suggestions of market entities in a timely manner when formulating policies and measures involving the business operations of market entities. Industry associations and chambers of commerce are encouraged to reflect the demands and suggestions of market entities.

Chapter V — Regulatory Enforcement

Article 51 — The state shall establish and improve a regulatory system with clear responsibilities, scientific division of labor, standardized procedures, openness and transparency, and efficient operation, and shall innovate regulatory methods to ensure fair, impartial, and transparent regulation.

Article 52 — The relevant departments of the State Council shall take the lead in establishing a regulatory checklist system, clarifying the regulatory subjects, objects, content, methods, and procedures, and shall disclose the regulatory checklists to the public. Regulation shall be strictly implemented in accordance with the regulatory checklist, and no regulation beyond the checklist shall be conducted.

Article 53 — The state shall promote credit-based differentiated regulation. For market entities with good credit, the frequency of random inspections may be reasonably reduced; for market entities with bad credit, the frequency of random inspections shall be increased, and special inspections shall be conducted in accordance with the law.

Article 54 — The state shall implement the "double random, one open" regulatory model, that is, randomly selecting inspection targets and randomly assigning law enforcement officers, and disclosing the inspection results to the public in a timely manner. Unless in the case of special circumstances such as complaints and reports or clues of violations transferred from other departments, regulatory inspections of market entities shall be conducted through the "double random, one open" model.

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Article 55 — The state shall implement internet-based regulation, make full use of new technologies such as big data, the Internet of Things, and artificial intelligence, promote contactless regulation, and improve the intelligence and precision of regulation. The state shall establish and improve a national unified online regulatory platform to promote information sharing and coordinated regulation among regulatory departments.

Article 56 — The relevant government departments shall promote comprehensive administrative law enforcement, reduce the levels of law enforcement, and prevent multiple layers of law enforcement and repeated law enforcement. For market entities, joint inspections shall be implemented as far as possible for multiple regulatory matters of the same inspection target at the same level of the same department, and joint law enforcement shall be implemented across departments.

Article 57 — Administrative compulsory measures such as sealing up and seizure shall be strictly implemented in accordance with statutory authority and procedures. Where market entities violate laws and regulations but the circumstances are minor, measures such as warnings and admonitions may be adopted, and administrative penalties and compulsory measures may be lawfully exempted or mitigated.

Article 58 — The state shall establish and improve the system of discretion standards for administrative penalties, and refine and quantify the scope, types, and extent of administrative penalties. The discretion standards for administrative penalties shall be disclosed to the public. Law enforcement officers shall strictly implement the discretion standards for administrative penalties and shall not arbitrarily exercise discretion.

Article 59 — The state shall implement the whole-process recording and public disclosure system for administrative law enforcement. Administrative law enforcement organs shall make whole-process audio and video recordings of the initiation of administrative law enforcement, on-site inspection and investigation, the delivery of decisions, and the enforcement of decisions, and shall disclose law enforcement information in accordance with relevant regulations.

Article 60 — The state shall improve the supervision mechanism for administrative law enforcement, establish and improve the accountability mechanism for administrative law enforcement, and strictly investigate and deal with illegal law enforcement and improper law enforcement. The state shall establish and improve channels for complaints and reports on administrative law enforcement and promptly investigate and handle complaints and reports from the public.

Chapter VI — Rule of Law Guarantee

Article 61 — The state shall, in accordance with the requirements for optimizing the business environment, timely amend or repeal laws, regulations, rules, and normative documents that are inconsistent with the requirements for optimizing the business environment. The formulation and revision of laws, regulations, rules, and normative documents involving the rights and obligations of market entities shall fully solicit opinions from market entities and the public.

Article 62 — When formulating normative documents involving the rights and obligations of market entities, government departments shall conduct legality reviews and fair competition reviews in accordance with the law. Normative documents without a legality review or failing the legality review shall not be issued.

Article 63 — The state shall improve the mechanism for revising and abolishing normative documents. Normative documents shall be regularly cleaned up and revised or abolished in a timely manner. Normative documents shall not set administrative licensing, administrative penalties, administrative compulsory measures, or other matters that shall be set by laws and regulations.

Article 64 — The state shall promote the resolution of commercial disputes through diversified mechanisms, strengthen the connection and coordination between mediation and arbitration, and improve the efficiency of dispute resolution. The state shall support the establishment of one-stop diversified dispute resolution

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mechanisms that integrate litigation, arbitration, and mediation, to provide efficient and convenient channels for dispute resolution for market entities.

Article 65 — The state shall strengthen the construction of public legal service systems, provide legal consulting, legal aid, notarization, judicial expertise, and other public legal services for market entities, and promote the construction of a public legal service platform.

Article 66 — People's courts shall independently and impartially exercise adjudicative power in accordance with the law, protect the legitimate rights and interests of market entities in accordance with the law, and improve the quality and efficiency of the trial of cases involving market entities. People's courts shall promote the reform of the litigation service system and provide market entities with convenient and efficient litigation services.

Article 67 — People's procuratorates shall independently exercise procuratorial power in accordance with the law, strengthen legal supervision over civil and administrative litigation involving market entities, and protect the legitimate rights and interests of market entities in accordance with the law.

Article 68 — The state shall protect the personal safety and property safety of market entities and their operators in accordance with the law, and strictly investigate and deal with illegal and criminal acts that harm the legitimate rights and interests of market entities. Public security organs, people's procuratorates, and people's courts shall handle cases involving market entities in accordance with the law and in a timely manner, and shall strictly regulate the application of compulsory measures such as sealing up, seizing, and freezing.

Article 69 — The state shall establish and improve a supervision mechanism for optimizing the business environment, and strengthen supervision and inspection of the work of government departments and their staff in optimizing the business environment. The state shall improve the acceptance and handling mechanism for complaints and reports on acts that damage the business environment, and shall promptly investigate and handle complaints and reports from market entities and the public.

Article 70 — Government departments and their staff who fail to perform their duties, or perform their duties in violation of regulations, in the course of optimizing the business environment shall be investigated for responsibility in accordance with the law. Where a crime is constituted, criminal liability shall be investigated in accordance with the law.

Article 71 — Where any entity or individual infringes upon the legitimate rights and interests of market entities in violation of the provisions of this Regulation, the relevant authorities shall order the entity or individual to make corrections and impose penalties in accordance with the law; where damage is caused to market entities, compensation shall be made in accordance with the law.

Chapter VII — Supplementary Provisions

Article 72 — This Regulation shall come into force on January 1, 2020.

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