

Regulations on the Administration of Financial Asset Management Companies of the PRC

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Chapter I — General Provisions

Article 1 — These Regulations are formulated for the purpose of regulating the establishment and operation of financial asset management companies, maintaining the order of the financial market, and preventing and defusing financial risks.

Article 2 — The term "financial asset management company" as used in these Regulations refers to a non-bank financial institution established with the approval of the State Council for the purpose of acquiring non-performing assets of State-owned banks and managing and disposing of such assets, as well as managing and disposing of other assets entrusted to it.

Article 3 — The establishment of a financial asset management company shall be subject to the approval of the State Council.

Article 4 — The People's Bank of China and other financial regulatory authorities shall exercise supervision and administration over financial asset management companies in accordance with law.

Article 5 — Financial asset management companies shall operate in accordance with law, safeguard financial security, and maximize the recovery of assets.

Chapter II — Establishment, Alteration and Termination

Article 6 — The establishment of a financial asset management company shall meet the following conditions: it has a charter that conforms to the provisions; it has registered capital not less than the minimum amount prescribed by the State; it has senior management personnel and professional personnel who meet the requirements; it has a sound organizational structure and management systems; and other conditions prescribed by the State.

Article 7 — A financial asset management company shall have a board of directors and a board of supervisors, and shall establish a sound corporate governance structure.

Article 8 — Where a financial asset management company alters its name, registered capital, or other major matters, it shall obtain the approval of the relevant regulatory authority in accordance with the provisions of the State.

Article 9 — Where a financial asset management company is terminated, it shall be liquidated in accordance with law, and its assets shall be disposed of in accordance with the provisions of the State.

Chapter III — Business Scope

Article 10 — A financial asset management company may engage in the following business: acquiring non-performing assets of State-owned banks; managing and disposing of non-performing assets acquired; debt restructuring and debt-for-equity swaps; equity investment, bond investment, and other investment business within the scope approved; asset securitization; and other business approved by the State.

Article 11 — A financial asset management company shall not engage in commercial banking business such as taking deposits, nor shall it engage in business beyond the approved scope.

Article 12 — A financial asset management company shall dispose of non-performing assets through lawful channels such as sale, transfer, restructuring, debt-for-equity swap, and securitization.

Article 13 — A financial asset management company may, in accordance with the provisions of the State, issue financial bonds and raise funds through other lawful channels.

Chapter IV — Operation and Management

Article 14 — A financial asset management company shall establish and improve internal control systems and shall strengthen risk management.

Article 15 — A financial asset management company shall dispose of assets through open, fair, and just means, and shall prevent the loss of State assets.

Article 16 — A financial asset management company shall establish a sound financial and accounting system and shall prepare financial statements in accordance with law.

Article 17 — A financial asset management company shall truthfully disclose information in accordance with the provisions of the State.

Article 18 — The senior management personnel and staff of a financial asset management company shall comply with professional ethics and shall not engage in conduct that harms the interests of the company.

Chapter V — Supervision and Administration

Article 19 — The People's Bank of China and other financial regulatory authorities shall exercise supervision and inspection over the business activities of financial asset management companies in accordance with law.

Article 20 — A financial asset management company shall submit business reports, financial statements, and other relevant materials in accordance with the provisions of the State.

Article 21 — Where a financial asset management company engages in business activities in violation of the provisions of these Regulations, the relevant regulatory authority shall order it to make corrections and may impose penalties in accordance with law.

Article 22 — Where the senior management personnel or staff of a financial asset management company violate the provisions of these Regulations, sanctions shall be imposed in accordance with law; where a crime is constituted, criminal liability shall be investigated in accordance with law.

Chapter VI — Supplementary Provisions

Article 23 — The People's Bank of China may formulate detailed implementing rules in accordance with these Regulations.

Article 24 — These Regulations shall come into force as of November 10, 2000.

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