

Regulations on the Administration of Foreign Law Firms in China of the PRC

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Chapter I — General Provisions

Article 1 — These Regulations are formulated for the purposes of regulating the establishment of representative offices within the territory of China by foreign law firms, regulating the legal service activities of foreign law firms within the territory of China, and in accordance with the Lawyers Law of the People's Republic of China.

Article 2 — The establishment of representative offices within the territory of China by foreign law firms and the engagement in legal service activities within the territory shall be governed by these Regulations. For the purposes of these Regulations, a "foreign law firm" means a law practice institution lawfully established and practicing outside the territory of China. A "representative office" means a branch office established within the territory of China by a foreign law firm in accordance with these Regulations.

Article 3 — Representative offices and their representatives engaging in legal service activities within the territory shall comply with Chinese laws, regulations, and rules, observe the professional ethics and practice

discipline of Chinese lawyers, and shall not compromise the national security and the public interest of China.

Article 4 — Representative offices and their representatives engaging in legal service activities within the territory of China in accordance with these Regulations shall be protected by Chinese law.

Article 5 — Foreign law firms shall be responsible for the civil liabilities arising from the legal service activities conducted by their representative offices and representatives within the territory of China.

Article 6 — The judicial administration department under the State Council shall be in charge of the supervision and administration of representative offices and their representatives in accordance with these Regulations. The judicial administration departments of provinces, autonomous regions, and municipalities directly under the Central Government shall, in accordance with these Regulations, be responsible for the supervision and administration of representative offices and their representatives within their respective administrative areas.

Chapter II — Establishment, Registration, and Cancellation

Article 7 — To establish a representative office and appoint representatives, a foreign law firm shall meet the following conditions: (1) the foreign law firm has been lawfully established and practicing in its home country, has no record of violations of lawyers' professional ethics or practice discipline, and its foreign law firm and representatives have not received any criminal penalty; (2) the chief representative of the representative office shall be a practicing lawyer and a partner of the law firm or an equivalent position holder, have practiced for not less than three years, and be a full-time practicing lawyer of the foreign law firm; (3) the other representatives of the representative office shall be practicing lawyers and full-time practicing lawyers of the foreign law firm, and have practiced for not less than two years; and (4) the foreign law firm has an actual need to establish a representative office within the territory of China to provide legal services.

Article 8 — To apply for the establishment of a representative office, a foreign law firm shall submit the following application documents to the judicial administration department of the province, autonomous region, or municipality directly under the Central Government at the proposed place of the representative office: (1) an application signed by the principal person in charge of the foreign law firm, specifying the Chinese and foreign names, domicile, and address of the representative office to be established, and the names of the chief representative and other representatives to be appointed; (2) the articles of association or the principal agreement of the foreign law firm; (3) a list of the partners or principal persons in charge of the foreign law firm; (4) a power of attorney signed by the principal person in charge of the foreign law firm appointing the chief representative; (5) the lawyer practicing certificates of the chief representative and other representatives to be appointed and a certificate that they are full-time practicing lawyers of the foreign law firm; and (6) other documents required by the State.

Article 9 — The judicial administration department of the province, autonomous region, or municipality directly under the Central Government shall complete the examination within three months from the date of receipt of the application documents, and submit the examination opinions and the application documents to the judicial administration department under the State Council. The judicial administration department under the State Council shall, within six months from the date of receipt of the application documents, make a decision on whether to approve the application, and issue a practice permit to the representative office and practice certificates to its representatives. The judicial administration department under the State Council shall make a decision on whether to grant an extension within three months from the date of receipt of the application documents. If no decision can be made upon expiration of the time limit, the time limit may be extended appropriately with the approval of the person in charge of the judicial administration department under the State Council, and the applicant shall be notified of the time of extension.

Article 10 — After the representative office is established with approval, the foreign law firm shall, within 30 days from the date of issuance of the practice permit, register with the relevant judicial administration department of the province, autonomous region, or municipality directly under the Central Government based on the practice permit. Where registration is not completed within the prescribed time limit without justifiable reasons, the practice permit shall become invalid.

Article 11 — A representative office shall have a fixed practice site within the territory of China. The alteration of the name of the representative office shall be subject to the approval of the judicial administration department under the State Council. The foreign law firm may alter the chief representative and other representatives of the representative office. The newly appointed chief representative shall meet the conditions provided for in Article 7 of these Regulations.

Article 12 — The practice permit of a representative office and the practice certificates of its representatives shall be subject to annual inspection with the judicial administration department of the province, autonomous region, or municipality directly under the Central Government.

Article 13 — Where a representative office is to be cancelled, the foreign law firm to which it belongs shall apply to the judicial administration department of the province, autonomous region, or municipality directly under the Central Government for cancellation of registration 30 days in advance and handle the formalities for cancellation of registration in accordance with the law. The judicial administration department shall cancel the practice permit of the representative office and the practice certificates of its representatives. Where a foreign law firm is dissolved or its practice is terminated, the judicial administration department of the province, autonomous region, or municipality directly under the Central Government shall cancel the practice permit of the representative office and the practice certificates of its representatives.

Chapter III — Business Scope and Rules

Article 14 — A representative office and its representatives may engage in the following legal service activities within the territory of China, but shall not practice Chinese law: (1) providing consultation to clients on the laws of the country in which the foreign law firm's lawyers are permitted to practice, and on international conventions and practices; (2) accepting entrustment from clients or Chinese law firms to handle legal affairs involving the application of the laws of the country in which the foreign law firm's lawyers practice; (3) entering into contracts with Chinese law firms on behalf of foreign clients, and entrusting Chinese law firms to handle Chinese legal affairs; (4) providing information on the impact of the Chinese legal environment through contractual means; and (5) other business activities permitted by laws and regulations.

Article 15 — A representative office and its representatives engaging in legal service activities within the territory of China shall not engage in the following conduct: (1) issuing opinions or acting as an agent on Chinese legal affairs; (2) hiring Chinese practicing lawyers, or accepting as support staff personnel who are qualified to practice law within the territory of China; (3) illegally collecting or holding documents or property related to practice; or (4) other activities prohibited by laws, regulations, and rules.

Article 16 — Where a representative office may not independently undertake the representation of foreign clients in China due to the nature of the legal affairs, it shall jointly undertake the representation with a Chinese law firm. The cooperative representation shall be conducted under the unified management of the Chinese law firm. Where a representative office and a Chinese law firm cooperate in accordance with the provisions of the preceding paragraph, the two parties shall enter into a cooperation agreement and allocate the legal service fees in accordance with the provisions of the agreement.

Article 17 — A representative office may retain mainland Chinese support staff to engage in auxiliary activities. The support staff of the representative office shall not provide legal services.

Article 18 — A representative office and its representatives shall not engage in activities other than legal services or other profit-making activities within the territory of China. Representatives of a representative office shall not serve as a legal representative, a director, a supervisor, or the general manager of a Chinese enterprise within the territory of China. Representatives of a representative office shall not practice as a lawyer in two or more representative offices within the territory of China at the same time.

Article 19 — The foreign lawyers stationed in a representative office as its representatives shall observe the professional ethics and practice discipline of Chinese lawyers. The representative office shall not engage in unfair competition with other representative offices or Chinese law firms in conducting legal business within the territory of China.

Article 20 — A representative office shall, within three months after the end of each year, submit to the judicial administration department of the province, autonomous region, or municipality directly under the Central Government at the place where it is located an annual report on the practice of the representative office and its representatives and on the collection of fees and taxes for the previous year.

Chapter IV — Supervision and Administration

Article 21 — The judicial administration department under the State Council and the judicial administration departments of provinces, autonomous regions, and municipalities directly under the Central Government shall, in accordance with their duties, supervise and inspect the legal service activities of representative offices and their representatives within the territory of China.

Article 22 — When performing their duties of supervision and inspection, the judicial administration departments may inspect the practice sites of representative offices, consult the practice archives of representative offices, and question the relevant persons. The relevant representative offices and their representatives shall cooperate, truthfully explain the situation, and provide the relevant documents and materials. The matters examined shall not impede the normal practice activities of representative offices.

Article 23 — Any unit or individual may report illegal legal service activities of representative offices and their representatives to the judicial administration departments. The judicial administration departments shall promptly investigate and handle such reports.

Article 24 — The judicial administration departments of provinces, autonomous regions, and municipalities directly under the Central Government shall impose administrative penalties on representative offices and their representatives for illegal acts in accordance with the law, and shall report such penalties to the judicial administration department under the State Council for filing.

Chapter V — Legal Liability

Article 25 — Where a representative office or its representatives practice Chinese law in violation of the provisions of these Regulations, or illegally engage in Chinese legal affairs by issuing legal opinions or acting as agents and other means, the judicial administration department of the province, autonomous region, or municipality directly under the Central Government shall order it to cease the illegal practice activities within a prescribed time limit and confiscate the illegal gains, and impose a fine of not less than RMB 50,000 yuan but not more than RMB 200,000 yuan on the representative office and the representative concurrently.

Article 26 — Under any of the following circumstances, the judicial administration department of the province, autonomous region, or municipality directly under the Central Government shall order the representative office to make corrections within a prescribed time limit; if the circumstances are serious, the judicial administration department under the State Council shall revoke the practice permit of the representative office or the practice certificates of its representatives: (1) hiring Chinese practicing lawyers or support staff qualified to practice law within the territory of China; (2) engaging in activities other than legal services or profit-making activities; (3) illegally collecting or holding documents or property related to

practice; or (4) refusing to accept the supervision or inspection by the judicial administration departments.

Article 27 — Where a representative office submits false materials or adopts other fraudulent means to obtain the practice permit of the representative office or the practice certificate, the judicial administration department under the State Council shall revoke the practice permit of the representative office or the practice certificates of its representatives.

Article 28 — Where a foreign law firm establishes a representative office within the territory of China or appoints representatives without approval, the judicial administration department of the province, autonomous region, or municipality directly under the Central Government shall order it to cease the illegal practice activities within a prescribed time limit and impose a fine of not less than RMB 50,000 yuan but not more than RMB 200,000 yuan on the foreign law firm.

Article 29 — Where a representative office fails to submit its annual practice report within the prescribed time limit, the judicial administration department of the province, autonomous region, or municipality directly under the Central Government shall order it to make corrections within a prescribed time limit and impose a fine. If it still fails to make corrections after the prescribed time limit, the practice permit of the representative office shall be revoked.

Article 30 — Where a representative office is subject to a penalty of fine or confiscation of illegal gains, the judicial administration department shall notify the relevant administrative department and the foreign exchange control authority of the penalty decision. The representative office and its representatives shall bear civil liability for the losses caused to clients by their practice activities within the territory of China in accordance with the law.

Article 31 — Where a functionary of a judicial administration department commits any of the following acts, he or she shall be subject to administrative sanctions in accordance with the law; if the circumstances are serious and a crime is constituted, criminal liability shall be pursued in accordance with the law: (1) issuing a license to an applicant that does not meet the conditions provided for in these Regulations; (2) accepting reports on illegal practice activities and failing to investigate and handle them in accordance with the law; (3) taking advantage of his or her position to solicit or accept property or other benefits; or (4) other acts in violation of laws and regulations.

Chapter VI — Supplementary Provisions

Article 32 — The judicial administration department under the State Council shall separately formulate measures for the administration of the establishment of resident representative offices within the territory of China by law firms from the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region, with reference to these Regulations.

Article 33 — The specific measures for the determination of the practice permit period of representative offices and the specific measures for the administration of the establishment of more than one representative office within the territory of China by a foreign law firm shall be separately formulated by the judicial administration department under the State Council.

Article 34 — The judicial administration department under the State Council shall be responsible for the interpretation of these Regulations.

Article 35 — These Regulations shall come into force on January 1, 2002.

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