

Regulations on the Supervision and Administration of Trust Companies

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Chapter I — General Provisions

Article 1 — These Regulations are formulated for the purposes of strengthening the supervision and administration of trust companies, standardizing the business operations of trust companies, protecting the lawful rights and interests of trust parties, and promoting the healthy development of the trust industry.

Article 2 — For the purposes of these Regulations, "trust company" means a financial institution that mainly operates trust business and has been approved by the financial regulatory authority under the State Council in accordance with law.

Article 3 — The financial regulatory authority under the State Council and its local offices shall, in accordance with these Regulations, exercise supervision and administration over trust companies.

Article 4 — Trust companies shall comply with laws and regulations, adhere to the principles of integrity, and shall not engage in activities that harm the interests of trustors, beneficiaries, or the public.

Chapter II — Establishment and Change of Trust Companies

Article 5 — The establishment of a trust company shall be subject to the approval of the financial regulatory authority under the State Council and shall obtain a financial license before engaging in trust business.

Article 6 — The establishment of a trust company shall meet the following conditions:

- (1) having articles of association that comply with laws and regulations;
- (2) having shareholders that meet the prescribed conditions;
- (3) having the minimum amount of registered capital as prescribed in these Regulations;
- (4) having directors, supervisors and senior management personnel with the qualifications for serving in such positions;
- (5) having a sound organizational structure and an operational management, risk control and internal control system;
- (6) having a business premise, safety measures and other facilities appropriate for the business operations; and
- (7) other prudential conditions prescribed by the financial regulatory authority under the State Council.

Article 7 — The minimum amount of registered capital of a trust company shall be RMB 300 million, and the registered capital shall be paid-in monetary capital.

Article 8 — Trust companies shall not be established in the form of branches without the approval of the financial regulatory authority under the State Council.

Chapter III — Business Scope and Operational Rules

Article 9 — A trust company may engage in some or all of the following businesses with approval:

- (1) trust business for funds;
- (2) trust business for movable property;
- (3) trust business for real property;
- (4) trust business for negotiable securities;
- (5) other trust businesses permitted by laws and regulations.

Article 10 — When operating trust business, a trust company shall comply with the following provisions:

- (1) trust property shall be managed separately from its own property;
- (2) different trust properties shall be managed separately and accounted for separately;
- (3) trust companies shall not provide guarantees with trust property;
- (4) trust companies shall not convert trust property into their own property;
- (5) trust companies shall not conduct inter-trust transactions except as otherwise provided.

Article 11 — Trust companies shall establish internal control and risk management systems and shall assign full-time personnel to be responsible for risk management.

Article 12 — Trust companies shall submit business reports and financial reports to the financial regulatory authority on a regular basis.

Chapter IV — Supervision and Administration

Article 13 — The financial regulatory authority shall, in accordance with prudential regulatory requirements, conduct on-site inspections and off-site surveillance of trust companies.

Article 14 — Trust companies shall establish and improve information disclosure systems and shall disclose information on their operations and financial status in accordance with regulations.

Article 15 — Where a trust company is in serious financial difficulties or has committed a serious violation of law, the financial regulatory authority may take regulatory measures such as ordering it to suspend part of its business or restricting profit distribution.

Article 16 — Trust industry associations shall play their self-regulatory role and shall formulate industry standards and professional codes of conduct.

Chapter V — Legal Liability

Article 17 — Where a trust company engages in trust business without approval, the financial regulatory authority shall ban it and confiscate its illegal gains.

Article 18 — Where a trust company violates the operational rules for trust business, the financial regulatory authority shall order it to make corrections and may impose a fine.

Article 19 — Where senior management personnel of a trust company violate laws and regulations, the financial regulatory authority may disqualify them from serving in such positions.

Chapter VI — Supplementary Provisions

Article 20 — These Regulations shall come into force on October 1, 2013.

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