

Notice of China Banking Regulatory Commission on Printing and Distributing the Operating Rules for Applying for the Establishment of Financial Companies of Enterprise Groups

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All banking regulatory bureaus:

We hereby print and distribute the revised Operating Rules for Applying for the Establishment of Financial Companies of Enterprise Groups to you for your earnest compliance and implementation. The Operating Rules for Applying for the Establishment of Financial Companies of Enterprise Groups (No.78 [2006] of China Banking Regulatory Commission) shall be abolished simultaneously.

January 26th, 2007

Operating Rules for Applying for the Establishment of Financial Companies of Enterprise Groups

Chapter 1 General Rules

Article 1 For the purpose of further regulating the work related to the application for establishing financial companies of enterprise groups (hereinafter referred to as financial companies) and ensuring the healthy and orderly proceeding of the work related to the market access of financial companies, these Rules are formulated in accordance with the Banking Supervision Law of the People's Republic of China and the Measures for the Administration of Financial Companies of Enterprise Groups (hereinafter referred to as Measures).

Article 2 The term "financial company" as mentioned in these Rules refers to the non-bank financial institutions which provide financial management services for the member entities of enterprise groups (hereinafter referred to as member entities) for the purpose of strengthening centralized management of enterprise group funds and improving the fund utilization efficiency.

Article 3 These Rules shall be used for regulating the market access behaviors committed during the phase of preparatory establishment or business opening of a financial company to be established. The market access of the financial companies (in which foreign capital stock accounts for 25% or more) established by foreign-funded investment companies shall be governed by these Rules by analogy.

Article 4 The establishment of any financial company within the borders of China shall be

reported to China Banking Regulatory Commission (hereinafter referred to as the CBRC) for examination and approval.

Chapter II Requirements for Establishment

Article 5 An enterprise group (parent company) applying for establishing a financial company shall satisfy the following requirements:

- (1) It satisfies the industrial policies of the state and has core principal business.
- (2) By the end of the year prior to its application, its registered capital is not less than 800 million yuan.
- (3) By the end of the year prior to its application, the total assets of its member entities consolidated into statement for accounting as prescribed is not less than 5 billion yuan, and the net assets ratio shall not be lower than 30%.
- (4) Its financial status is good, for two consecutive years prior to its application, by the end of each year, the total amount of the business income of its member entities consolidated into statement for accounting as prescribed is not less than 4 billion yuan, and the total amount of pre-tax profits is no less than 200 million yuan.
- (5) It has a large-scale and stable cash flow.
- (6) It has been established for two years or more and has certain experience in the internal financial management and capital management of enterprise group.
- (7) It has sound corporate governance structure and has no inappropriate affiliated transaction.
- (8) Its credit standing is good, and it has no bad credit record or illegal or irregular act in the two consecutive years prior to its application.
- (9) The source of the funds used for purchasing shares is true and legal, no entity may purchase shares with loan funds or the funds entrusted by other people. And
- (10) Other requirements for prudence as prescribed by the CBRC.

Article 6 The registered capital of a financial company shall be raised mainly from the member entities of the enterprise group or by absorbing the shares of the strategic investors that are other than the member entities and have much experience in industrial management.

The shareholders of a newly established financial company shall include strategic investors with much industrial managing experience or its operation team shall include at least one senior manager with much practical experience and one risk management professional. But an enterprise group of a special industry into which external investors are restricted from entering may be refrained from this requirement after obtaining the consent of the CBRC in advance.

Article 7 A member entity of an enterprise group shall satisfy the following requirements to become a shareholder of a financial company of the enterprise group:

- (1) It is a business entity that has registered at the administrative department of industry and commerce.
- (2) It has a sound corporate governance structure or effective organizational management style.
- (3) It has good reputation in the society, good credit record and taxation record.
- (4) Its financial status is good, and it gains profits in the latest two accounting years.

- (5) After the year-end distribution, its net assets reach 30% or more of its total assets (according to the standards for consolidated accounting statements).
- (6) Its operation and management are good, it repays bank loans on schedule and in full amount, and has no illegal or irregular act in the latest two years.
- (7) The source of the funds used for purchasing shares is true and legal, no entity may purchase shares with loan funds or the funds entrusted by other people.
- (8) This investment conforms to the legal provisions of the state. And
- (9) Other requirements for prudence as prescribed by the CBRC.

Article 8 A strategic investor other than the member entities of an enterprise group shall satisfy the following requirements to become a shareholder of a financial company:

- (1) He promises that he will not transfer the shares he holds in the financial company in principle within 3 years since the date of the establishment of the financial company, and this shall be indicated in the articles of association of the financial company.
- (2) He has 3 years or more of experience in the operation and management of financial companies or similar institutions. And
- (3) Other requirements for prudence as prescribed by the CBRC.

Article 9 A strategic investor that is a financial institution legal person shall, in addition to satisfying the requirements prescribed in Article 8, also satisfy the following requirements to become a shareholder of a financial company:

- (1) It has a sound corporate governance structure.
- (2) It has sound and effective inner management system and risk control system.
- (3) Its financial status is good and it gains profits in the latest two consecutive years.
- (4) Its credit standing is good, and it has not been subject to any substantial penalties by the supervisory organ in the latest two consecutive years.
- (5) The source of the funds used for purchasing shares is true and legal, no entity may purchase shares with loan funds or the funds entrusted by other people.
- (6) It satisfies the relevant regulatory requirements and indices, and this investment conforms to the relevant laws, regulations and regulatory provisions.
- (7) Where it is an overseas financial institution legal person, its total assets shall not be less than USD 1 billion in principle by the end of the latest year. And
- (8) Other requirements for prudence as prescribed by the CBRC.

Article 10 A strategic investor that is a non-financial institution legal person shall satisfy the requirements prescribed in Article 7 and Article 8 to become a shareholder of a financial company.

Article 11 A financial company to be established shall satisfy the following requirements:

- (1) It is really necessary to establish the financial company for the concentrated management of enterprise group funds, and upon reasonable estimate, the financial company can reach a certain business scale.
- (2) It has the articles of association that conform to the provisions of the Company Law of the People's Republic of China and the Measures.
- (3) It has the floor registered capital as prescribed by the Measures.

(4) It has the directors and senior managers that satisfy the requirements on post-holding qualification as prescribed by the CBRC, and a prescribed proportion of professional practitioners, and qualified professional talents for such key posts as risk management and fund intensive management, etc.

The term “directors and senior managers” as mentioned above refers to the legal representative of the financial company and the personnel who have decision-making power over the operation and management of the financial company or who play important role in risk control, including the chairman of the board of directors, vice chairmen of the board of directors, directors, general managers and deputy general managers.

The term “personnel for such key posts as risk management and fund intensive management” as mentioned above refers to the working staff that assume the duties of risk management and fund intensive management in the principal business activities of the financial company in accordance with the setup of the specific business departments, business system and business flow of the company.

The number of the personnel that have been engaging in finance or accounting work for 3 years or more shall not be less than 2/3 of the total number of the personnel of the financial company, in particular, the number of the personnel that have been engaging in finance or accounting work for 5 years or more shall not be less than 1/3 of the total number of the personnel of the financial company.

(5) It has formulated relatively perfect systems for corporate governance, inner control, business operation and risk prevention, etc, and has established relatively perfect information management system and risk control system.

(6) It has a business place, safety measures and other facilities that satisfy the relevant requirements. And

(7) Other requirements for prudence as prescribed by the CBRC.

Chapter III Directors and Senior Managers

Article 12 The post-holding qualifications of a financial company’s chairman of the board of directors, vice chairmen of the board of directors, general managers, deputy general managers, and senior managers who do not hold the aforesaid posts but assume the same duties with those who hold the posts, shall be subject to the examination and approval of the CBRC.

Article 13 A director or senior manager of a financial company shall satisfy the following basic requirements:

(1) Being a natural person who has complete civil capacity.

(2) Having good professional ethics, personal integrity, morality and reputation, being familiar with and observing laws and administrative regulations, and having good law-abidingness and regulation-compliance record.

(3) Having professional knowledge, skills and experience necessary for performing his duties,

being able to ensure the time and energy necessary for performing his duties, displaying good judging and operating capacity in his acts and decisions, and having no bad practicing record.

(4) Having the independency necessary for performing his duties.

(5) Not falling within any of the circumstances as prescribed by any law or regulation under which he may not assume the post of director or senior manager of any financial institution. And

(6) Other requirements for prudence as prescribed by the CBRC.

Article 14 A director of a financial company shall, in addition to satisfying the requirements prescribed in Article 13, also satisfy the following requirements:

(1) Having 5 years or more of working experience in economy, banking, law, finance or any other field beneficiary for his performance of the director's duties.

(2) Being able to judge the operation status, management status and risk status of the financial company from the financial statements and statistical statements of the company. And

(3) Being familiar with the financial company's corporate governance structure, articles of association, duties of the board of directors and the rights and obligations of the members of the board of directors.

Article 15 The chairman or vice chairman of a financial company shall, in addition to satisfying the requirements prescribed in Article 13 and Article 14, also satisfy the following requirements:

He shall have an educational background of university or higher and have been working in financial institutions for 6 years or more, or have been engaging in the accounting work or fund management work of this enterprise group for 8 years or more, or have been engaging in the core principal business and the relevant management work of this enterprise group for 10 years or more.

Article 16 The general manager or deputy general manager of a financial company shall, in addition to satisfying the requirements prescribed in Article 13, also satisfy the following requirements:

He shall have an educational background of university or higher and have been working in financial institutions for 6 years or more or have been engaging in the accounting work or fund management work for 10 years or more (in particular, engaging in the financial work for 3 years or more).

The general manager or deputy general manager who concurrently holds the post of director shall also satisfy the requirements prescribed in Article 14.

Article 17 A senior manager introduced from overseas shall, in addition to satisfying the requirements prescribed in Article 13, also satisfy the following requirements:

(1) Being familiar with the economy, financial policies and the relevant laws and regulations on financial supervision of China; and being familiar with the operating rules and characteristics of both the domestic and foreign financial markets.

(2) Having the working experience and organizational management experience suitable for the post he holds.

He shall have 5 years or more of experience in the fund management of a world famous transnational financial institution or the fund centralized management of a world famous large-scale enterprise, and 3 years or more of experience in the post of business department manager or the equivalent post or above.

Or, he shall have worked in a world famous commercial bank or investment bank for 5 years or more, be familiar with fund plans and the investment and financing business of capital market, and have 3 years or more of experience in the post of business department manager or the equivalent post or above.

A senior manager introduced from overseas who concurrently holds the post of director shall also satisfy the requirements prescribed in Article 14.

Chapter IV Application for Establishment

Article 18 There shall be two phases for an enterprise group to apply for establishing a financial company, namely, the application for preparatory establishment and the application for opening business, and the application materials shall be submitted by the parent company of the group.

Article 19 The applicant for establishing a financial company shall file the application materials for preparatory establishment and opening business with the banking regulatory bureau of the place where the financial company is to be established.

Article 20 The application materials for preparatory establishment shall include the following contents:

- (1) Application form for preparatory establishment (see attached list 1).
- (2) Application letter for preparatory establishment, the contents of which shall include the name of the financial company to be established (which may have not been approved by the administrative organ of industry and commerce), the place where the financial company is to be established, its registered capital, shareholders, equity structure and business scope, etc.
- (3) Feasibility study report on the establishment of the financial company.
- (4) Evidentiary materials on the qualification of the parent company of the group.
- (5) Roster of the member entities and the relevant evidentiary materials produced by the competent departments.

Member entities shall include the parent company of the group, the subsidiary companies in which the parent company controls 51% or more shares (hereinafter referred to as subsidiary companies), the companies in which the parent company or a subsidiary company controls 20% or more shares either solely or jointly, or the companies which hold less than 20% shares but occupy the position of the biggest shareholder, the public institution legal persons or social group legal persons subordinate to the parent company or the subsidiary companies.

- (6) Materials on the shareholder qualifications of the applicant and other contributors.

- (7) The contributors' guarantee for capital contribution or the agreement on capital contribution.
- (8) Written commitment made by the board of directors of the parent company on increasing corresponding capital in case the financial company falls within any payment difficulty, etc.
- (9) Where it concerns the introduction of senior managers or risk management professionals, the board of directors of the parent company shall provide the relevant evidentiary materials on the introduction of senior managers or risk management professional.
- (10) Evidentiary materials signed by the legal representative of the parent company on confirming the authenticity of the materials provided by the parent company and its member entities.
- (11) Legal letter produced by a law firm on the applicant's legality, regulation-compliance and integrity in terms of the application procedure and materials for preparatory establishment. And
- (12) Other documents and materials required by the CBRC.

Article 21 The feasibility study report on the establishment of a financial company shall include the following major contents:

- (1) Basic information of the enterprise group, including its history, status of its member entities, organizational structure, personnel situation, basic financial status and principal financial indices, etc.
- (2) Industry to which the enterprise group belongs and explanations on the relevant industrial policies of the state.
- (3) Production and operation status of the enterprise group, its position in the industry, development programs and the proportion of its core principal business in its assets, etc.
- (4) Cash flow analysis, namely the analysis on the scale, characteristics and rules, etc, of the cash flow of the enterprise group in the previous two years and the reasonable forecasting of its future cash flow.
- (5) Finance and fund management experience of the enterprise group. And
- (6) Principles and role of the financial company to be established, the forecasting of its business volume, and its profit mode.

Article 22 The evidentiary materials on the qualification of the parent company of a group shall include the following major contents:

- (1) Enterprise Group Registration Certificate issued by the administrative organ of industry and commerce.
- (2) Evidential materials on the enterprise group's compliance with the relevant industrial policies of the state.
- (3) Articles of association, organizational structure and internal management system of the parent company of the enterprise group.
- (4) Certificate on tax payment credit rating issued by the tax authorities; list of the banks that grant loans to the parent company during the latest three years and the certificates on no bad credit record confirmed by these banks; announcement on the company's legality and regulation-compliance issued by the board of directors (or operation decision-making body) of the parent company.

In case the company's any illegal or irregular problem has been disclosed by the general public or any media, special explanation shall be made accordingly.

(5) Accounting statements (including consolidated accounting statements) of the latest two years which are compiled in accordance with the Enterprise Accounting Standards and have been audited by domestic or overseas accounting firms or other intermediary organs established according to law. The accounting statements include: balance sheet, profit and loss statement, statement of cash flow and annotations of accounting statement, etc. Great affiliated transactions of the enterprise shall be disclosed in the annotations of accounting statements in accordance with the relevant requirements prescribed in the Enterprise Accounting Standards, which are promulgated by the Ministry of Finance.

Article 23 The materials on the shareholder qualifications of the applicant and other contributors shall include the following basic contents:

(1) A roster of the applicant and other contributors, photocopy of the business license, other contributors' accounting statements (including balance sheet, profit and loss statement, statement of cash flow and annotations of accounting statement) of the latest two years which have been audited by domestic or overseas accounting firms or other intermediary organs established according to law, and the evidential materials on repaying bank loans on schedule which are confirmed by the banks granting loans.

(2) Evidence on the source of the funds contributed by the contributors.

(3) A strategic investor shall also provide the relevant materials on the fact that it has successfully engaged in the operation and management of financial companies or similar institutions for three years or more, which shall mainly include:

The strategic investor's organizational structure, roster of its principle shareholders, branches, roster of the subsidiary companies held (participated or controlled) by it and their principle business and major source of profits, its actual controller, major affiliated enterprises and the specific affiliated relationships.

The strategic investor, in case it is a financial institution, shall also provide the opinion letter produced by the competent regulatory organ on its corporate governance structure, credit situation, regulation-compliance situation and its prudent operation status, and the report on its credit rating in the latest two years which is produced by an international rating agency and recognized by the CBRC.

The evidential materials on the scale and mode of the strategic investor's centralized management of the funds of financial companies or similar institutions in the latest three years and the successful cases, etc.

Article 24 The contributors' guarantee for capital contribution or the agreement on capital contribution shall include the following main contents:

(1) The guarantee for capital contribution or the agreement on capital contribution shall be signed by the legal representatives of all contributors (or promoters) and affixed with official seals; the agreement shall specify the proportion of the capital contributed by each contributor, their rights and obligations, etc, and shall authorize the parent company of the group to handle the issues

concerning preparatory establishment as an applicant on behalf of all the contributors.

(2) The strategic investors shall indicate their promise of not transferring the shares they hold in the financial company within three years in the investment agreement.

(3) The resolution, authorization or approval document made at the shareholders' meeting or the board of directors on the fact that the contributors plan to contribute funds to establish the financial company.

Article 25 The application materials for opening business of a financial company shall include the following contents:

(1) Application form for opening business (see attached list 2).

(2) Report on the application for opening business, which shall include the explanation on the performance of the preparatory work, whether the registered capital of the company has been in position, the business to be opened, the preparation of the relevant systems, internal institutions, staff number and structure, etc. The report shall be signed jointly by the legal representatives of all the contributors and affixed with official seals.

(3) Draft of the articles of association of the financial company to be established.

(4) Management principles and plans of the financial company.

(5) A roster of the shareholders of the finance company, their respective amounts and proportions of investments.

(6) Capital verification certificate issued by a legal capital verification institution on the capital contributions of the shareholders of the finance company;

The capital verification certificate issued by a legal capital verification institution refers to a capital verification report issued by an accounting firm established within the borders of China according to law.

(7) A registration letter on advance approval of the financial company's name issued by the administrative department for industry and commerce.

(8) Name list, detailed profession training, resumes and post-holding qualification certificates of the directors and senior managers.

(9) Evidentiary materials on the personnel to hold such key posts as risk management and fund centralized management.

(10) Evidentiary materials on the introduced risk management professionals who have assumed the post of the manager of risk management department for two years or more.

(11) Evidentiary materials on the relevant personnel who have been engaging in the financial or accounting work for 5 years or more.

(12) Business rules and risk prevention system of the financial company, which shall include the provisions on strict risk isolation between the financial company and its parent company.

The financial company shall establish and improve the rules and regulations on the business to be opened and internal risk control system by referring to the Guidance for Internal Control of Commercial Banks.

(13) Management information system and risk control system of the financial company.

(14) Materials on the business place and other business-related facilities of the financial company (which refers to the agreement on the financial company's purchase or lease of business place and the documents on the check and acceptance of business place and other business-related facilities produced by the public security department and fire department, etc.).

(15) Resolutions adopted at the first shareholders' meeting of the financial company.

(16) Legal opinion produced by a law firm on the applicant's legality, regulation-compliance and integrity in terms of the application procedure and materials for opening business. And

(17) Other documents and materials required by the CBRC.

Article 26 The draft of the articles of association of a financial company to be established shall include the following main contents:

(1) Name, domicile, form of organization, business scope and registered capital of the company.

(2) Name and amount of investment of each shareholder, the shareholders' rights and obligations and the strategic investors' promise of not transferring the shares they hold in the financial company within three years.

(3) The company's legal representative, institutions, method of its formation, duties and rules of procedure.

(4) Mode of profit distribution. And

(5) Causes for dissolution and liquidation method, and the promise of the board of directors of the parent company on increasing corresponding capital in case the financial company falls within any payment difficulty, etc.

Article 27 The following main contents shall be included in the name list of the directors and senior managers to hold posts in a financial company, their detailed professional training, resumes and post-holding qualification certificates:

(1) Their application letters for post-holding qualification approval, which shall be signed by the legal representatives of the applicants and affixed with official seals.

(2) Their application forms for post-holding qualification approval (see attached list 3).

(3) Comprehensive appraisal conducted by the parent company of the group or the appointment and removal departments of the entities in which they are currently holding posts on their morality, whether there is any bad record, business capacity, management capability and work performance, etc.

(4) Photocopies of their identity certificates.

(5) Photocopies of their academic certificates and professional technology certificates that are recognized by the state.

The photocopies of their identity certificates and academic certificates shall be affixed with the seals of the applicants, and the CBRC shall be responsible for examining and verifying the originals.

(6) Announcements on no bad record signed by them.

(7) Evidentiary materials on the introduced senior managers' conformity to the relevant prescribed requirements.

(8) Announcement on the authenticity of all the application materials, which is signed by the

person in charge of the appointment and removal department of the parent company of the group.

(9) Materials on proposing the directors and senior managers to hold posts in the shareholders' meeting. And

(10) Other materials required by the CBRC.

Article 28 The relevant evidentiary materials on the personnel to hold such key posts as risk management and fund centralized management, etc, shall include the following main contents:

(1) Resumes of the personnel to hold key posts (see attached list 4).

(2) Photocopies of their identity certificates.

(3) Photocopies of their academic certificates and professional technology certificates that are recognized by the state.

(4) Announcements on no bad record signed by them.

(5) Evidences produced by the competent departments on their experiences in the relevant posts.

And

(6) Other materials required by the CBRC.

Article 29 The requirements on the format of the application materials are as follows:

(1) Paper with the size of 209×295 mm (about the same size of standard A4 paper) shall be used in the application materials, and both sides of a piece of paper shall be printed (except the original historical documents).

(2) The loose-leaf binding method shall be adopted for the application materials.

(3) On the cover and side face of the application materials, the words of "Application Materials for the Preparatory Establishment of the Financial Limited Company of XX Group" shall be indicated.

(4) There shall be obvious isolation marks between each part of the application materials, which shall be consistent with the contents.

(5) The application materials shall be in triplicate, one shall be original, the other two shall be the photocopies of the originals.

(6) All the application materials shall be written in Chinese and the typeface shall be 5 or bigger. If any original historical document is written in any foreign language, the corresponding Chinese version shall be attached. And

(7) The caption of the application letter shall be "China Banking Regulatory Commission".

Chapter V Acceptance, Examination and Approval

Article 30 An application for preparatory establishment or opening business shall be accepted by the banking regulatory bureau of the place where the financial company is to be established.

Where the banking regulatory bureau finds out that the application materials are not complete or fail to conform to the requirements on format within 5 workdays, it shall send a notice of correction to the applicant to notify the applicant of all the contents to be corrected once and for all within 5 workdays since the date it receives the application materials. The applicant shall submit the corrected application materials once and for all within 3 months since the date when the notice of correction is sent.

Where the application materials are complete and conform to the requirements on format, the banking regulatory bureau shall accept the application for administrative license within 5 workdays since the date it receives the complete application materials and send a notice on accepting administrative license to the applicant.

Article 31 In case of any of the following circumstances, the banking regulatory bureau shall make a decision of rejection, send a notice on rejecting the application to the applicant and give corresponding reasons:

- (1) The applicant fails to submit the corrected application materials within 3 months since the date when the notice of correction is sent,
- (2) The corrected application materials submitted by the applicant are incomplete or fail to conform to the requirements on format. Or
- (3) Other circumstances under which a decision of rejection shall be made as prescribed by any law, regulation or the CBRC.

Article 32 The banking regulatory bureau shall, after accepting an application for preparatory establishment or opening business, examine and verify the application materials, and file the examining opinions on approval or disapproval together with the whole set of application materials with the CBRC for examination and approval within 20 workdays.

Article 33 The CBRC shall, within 4 months since the date when it receives the application materials for preparatory establishment and the examining opinions filed by a banking regulatory bureau, make a decision on whether to approve the application for preparatory establishment and send a copy of the decision to the banking regulatory bureau.

If the CBRC decides to disapprove the application for preparatory establishment, it shall send a written notice to the applicant and give reasons.

If the CBRC decides to approve the application for preparatory establishment, it shall send a written reply on approving the application to the applicant.

Article 34 An applicant shall finish the preparatory work within 3 months since the date when the reply on approving preparatory establishment is received. If there is any special circumstance, the applicant shall send an application for postponement to the CBRC within one month before the preparatory establishment period expires. Upon the approval of the CBRC, the preparatory establishment may be postponed once, but the preparatory establishment period shall be at longest 6 months.

Article 35 A banking regulatory bureau shall, before filing the examining opinions on an application for opening business, carry out an examination on the senior managers to whom the approval system applies, invite the personnel other than those of the supervision divisions of non-banking financial institutions to invigilate and review the examination papers and at the same time hold an oral examination on the application for opening business and hold talks on

post-holding qualification with the senior managers.

(1) The personnel attending the oral examination shall be the senior managers to whom the approval system applies as prescribed by these Rules, including the chairman of the board of directors, vice-chairman of the board of directors, general managers and deputy general managers.

(2) In the oral examination, the chairman of the board of directors or the general manager of the financial company (to be established) shall act as the principal pleader.

(3) The banking regulatory bureau shall hold talks with the senior managers in light of the division of their duties by emphasizing certain aspects.

(4) The main contents to be examined in the oral examination and talks shall include: the corporate governance structure, the construction of inner control system, the awareness of the board of directors and senior managers in terms of risk management and prudent operation, and the analysis on the future development of the company's business, etc. And

(5) The banking regulatory bureau shall file the examination papers, examination results, minutes of oral examination and talks and evaluation opinions together with the application materials for opening business with the CBRC (see attached lists 5 and 6 for the minutes of oral examination and the minutes of talks).

Article 36 The CBRC shall, within 2 months since it receives the application materials for opening business and the examination opinions filed by a banking regulatory bureau, make a decision on whether to approve the application for opening business and send a copy of the decision to the banking regulatory bureau.

If the CBRC decides to disapprove the application for opening business, it shall send a written notice to the applicant and give reasons.

If the CBRC decides to approve the application for opening business, it shall send a written reply on approving the application and the documents on approving the senior managers to hold posts to the applicant.

Article 37 An applicant for opening business shall, after receiving the reply on approving its application for business opening, obtain the financial license at the CBRC or the banking regulatory bureau with the following materials:

(1) Reply on approving the opening business.

(2) Written opinions on passing the acceptance check.

(3) Introduction letter of the financial institution.

(4) Legal and valid identity certificate of the person drawing the license; and

(5) Other materials required by the CBRC.

Article 38 The CBRC or a banking regulatory bureau shall issue a financial license within 5 workdays since the date when the above-mentioned valid documents are received.

Article 39 After obtaining the financial license, a financial company shall publish an announcement on a publicly distributed newspaper designated by the CBRC or the banking regulatory bureau in accordance with the provisions of the Measures for the Administration of

Financial Licenses. The specific contents of the announcement shall include: institution name, business place, financial institution code, postal code and telephone number.

Article 40 A financial company shall put its financial license in an eye-catching place of its business place, and display its business scope and principal person in charge in an appropriate way.

The CBRC or its dispatched office shall supervise and examine the publication situation according to law.

Article 41 A financial company shall, after obtaining the financial license, open business after handling the formalities for enterprise registration at the administrative organ for industry and commerce upon the strength of the reply on approving its application for opening business and the financial license, obtain the business license for enterprises as legal persons and send a duplicate (photocopy) of the business license to the CBRC or the banking regulatory bureau for record.

Article 42 Where a financial company established upon approval, since the date it obtains the business license, does not open business without any legitimate reason within 6 months or suspends its business without any legitimate reason for 6 months or more after opening business, the CBRC shall revoke its financial license and publish an announcement thereon.

Chapter VI Supplementary Rules

Article 43 The power to interpret these Rules shall remain with the CBRC.

Attached Lists:

1. Application for Preparatory Establishment (Omitted)
2. Application for Opening Business (Omitted)
3. Application Form for Examining and Approving the Post-holding Qualifications of Directors and Senior Managers (Omitted)
4. Resume Form of the Personnel to Hold Key Posts (Omitted)
5. Minutes of the Oral Examination on the Application for Opening Business (Omitted)
6. Minutes of the Talks with Senior Managers (Omitted)