

The Self-Regulation System of Chinese Capital Market



The Law School of Fudan University (China)

Lingyan Xu

许凌艳

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Seoul

Self-regulatory bodies



Shanghai Stock Exchange
Shenzhen Stock Exchange

Securities Association of China

Related Associations and Participants

■ *MEASURES FOR THE ADMINISTRATION OF STOCK EXCHANGES*

■ Article 21

The board of directors of a stock exchange shall be composed of 7 to 13 persons, among them the number of non-member directors shall not be less than one third of the total number of the members of the board of directors and not more than fifty percent of the total number of the members of the board of directors.

Member directors shall be elected by the membership meeting. Non-member directors shall be appointed by CSSCC.

■ Article 22

The board of directors shall have one chairman, one to two vice chairmen. The chairman and vice chairman (chairmen) shall be nominated by CSSCC and elected by the board of directors. The general manager should be a member of the board of directors.

- Article 24

The general manager who shall, under the leadership of the board of directors, be responsible for the routine administration of a stock exchange shall be the legal representative of the stock exchange.

- The Securities Association of China (SAC) is a self-regulatory organization for securities industry established according to relevant provisions of the “Securities Law of the People’s Republic of China” and the “Administrative Regulations on the Registration of Public Organizations”.

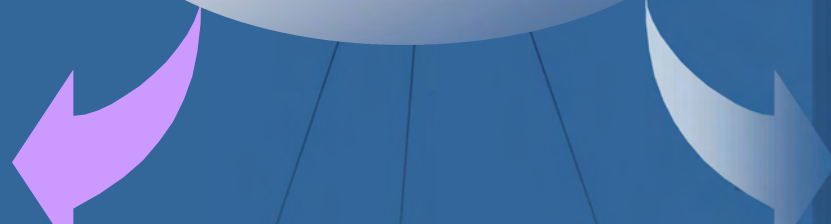


The 'Self-Regulation' is incomplete Administration Regulation

China
Com
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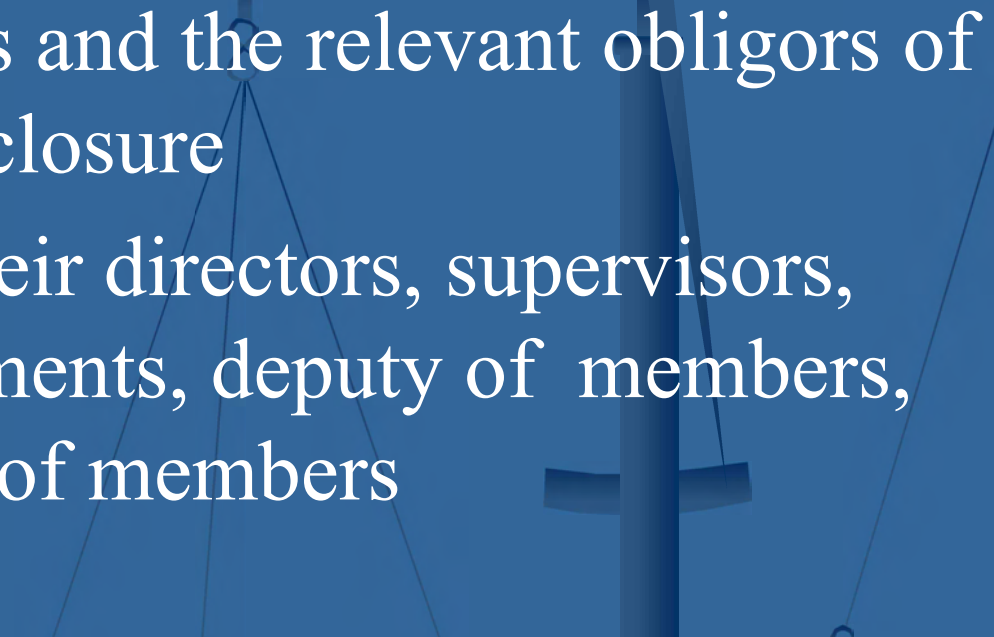
Stock Exchange


**The Securities
Association of
China**



I . Objects and Measures of Self-Regulation Supervision

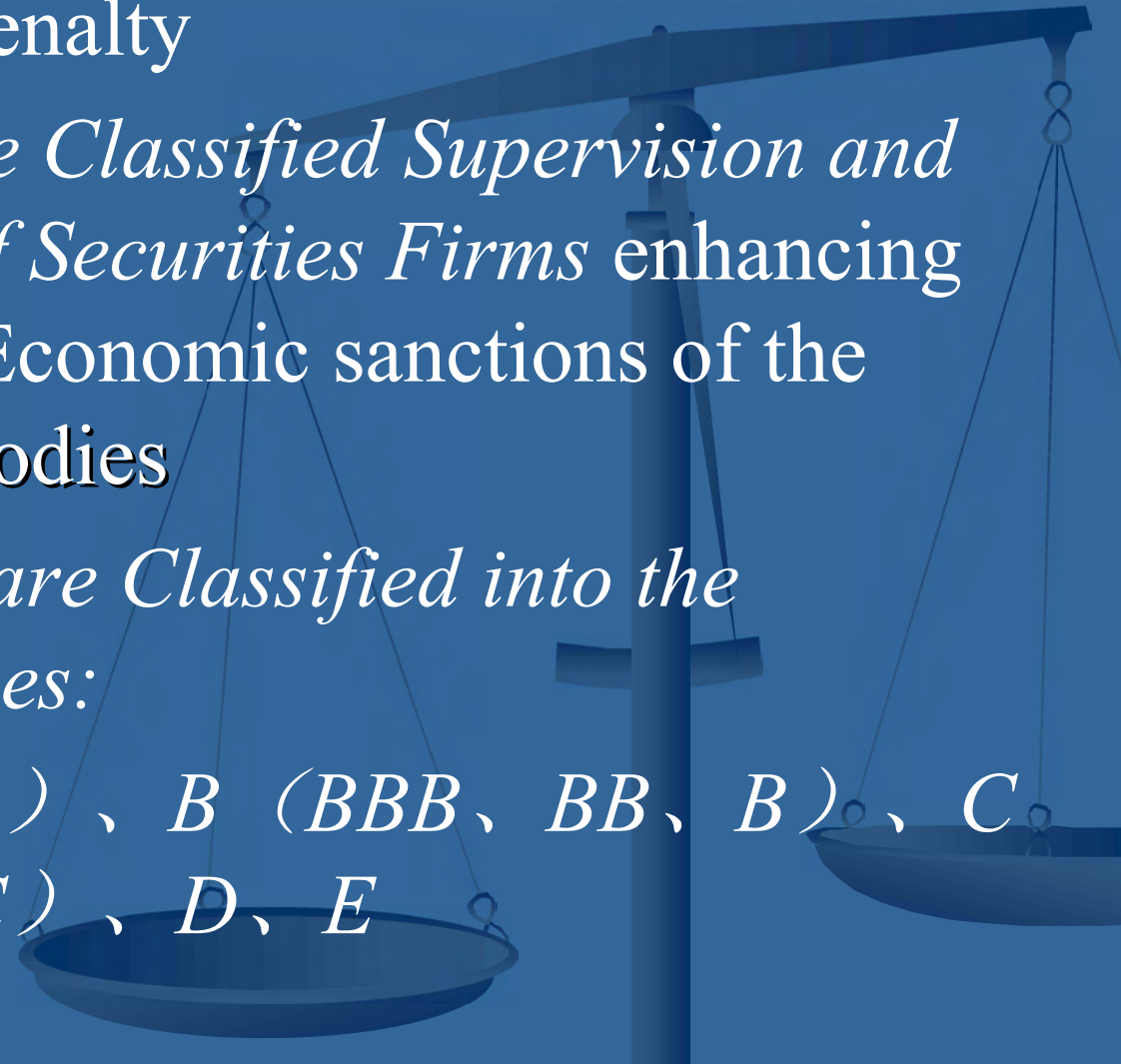
I . 1 Objects of stock exchange:

- (1) stock companies and the relevant obligors of information disclosure
 - (2) members and their directors, supervisors, Senior managements, deputy of members, Contact Person of members
 - (3) Investors
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- 2. The objectives of SAC are:
 - Conducting self-regulation over securities industry under the government's centralized and comprehensive supervision and management;
 - Bridging between the Government and the industry
 - Providing services to members, protecting the lawful rights and interests of members
 - Maintaining fair competition order in securities industry, promoting transparency, justice and fairness of the securities market and push forward healthy and steady development of the securities market.

Objects of SAC:

- Members, Practitioners, Agency Share Transfer System etc.

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- I . 2 Measures:
 - (1)Honorary penalty
 - (2)Eligible for penalty
 - *Provisions for the Classified Supervision and Administration of Securities Firms* enhancing the influence of Economic sanctions of the Self-regulatory bodies

Securities Firms are Classified into the following five types:

A (AAA, AA, A) , B (BBB, BB, B) , C (CCC, CC, C) , D, E

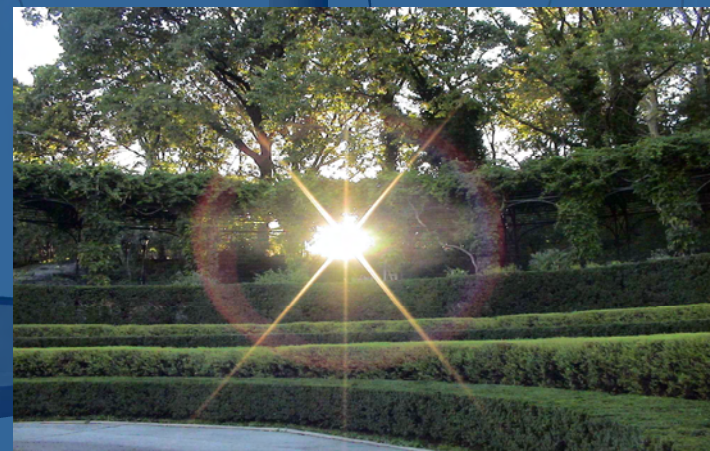
II Types of the Self-Regulation

- 1.abstract self-regulation and specific self-regulation
- 2.self-regulation authorized by law and self-regulation authorized by rules
- 3.Authorization type of self-regulation and punishment type of self-regulation
- 4.self-regulation directed against investors and self-regulation indirectly involved with investors

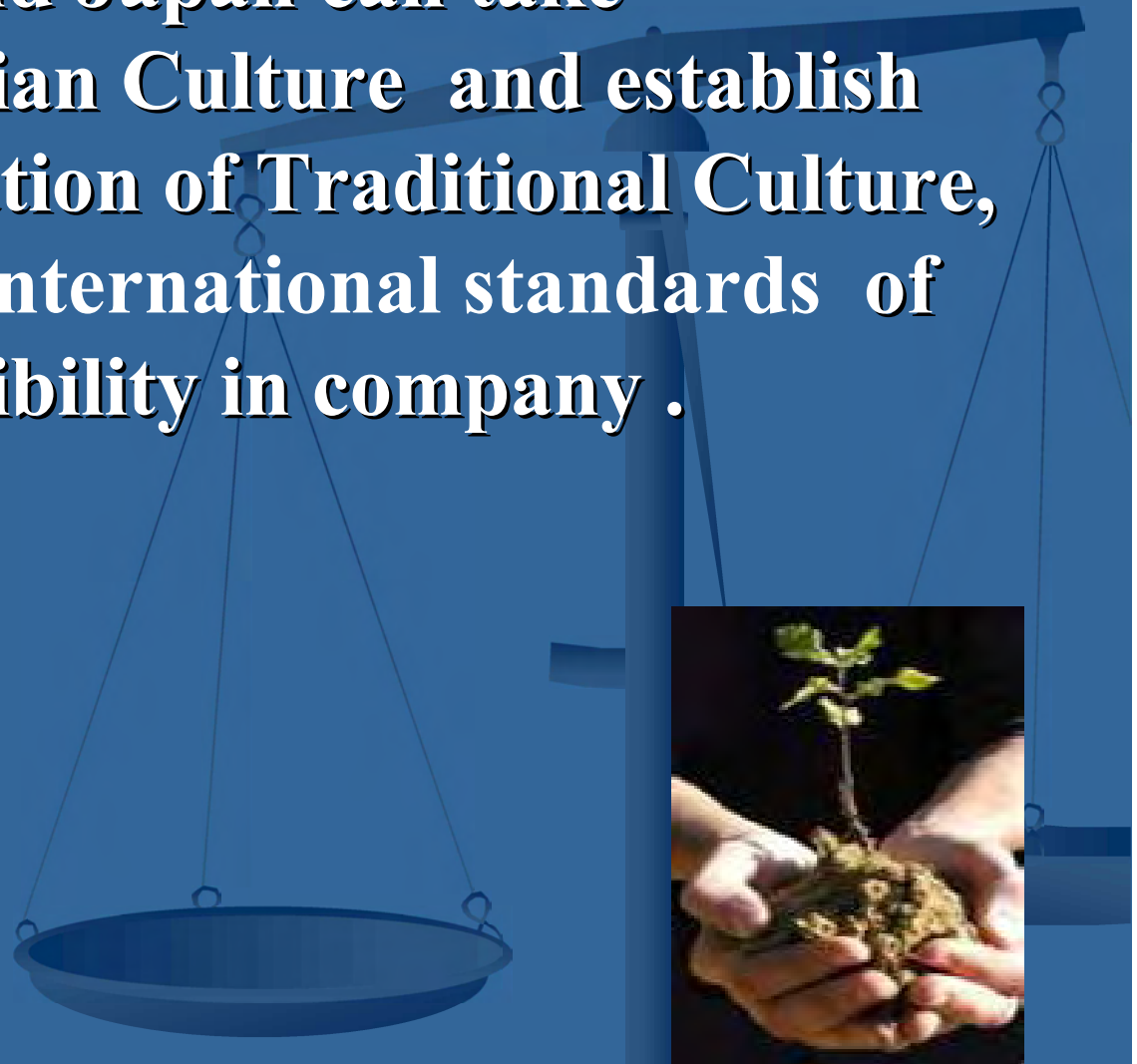
★ **Judicial investigation for self-regulation**

Provisions of the Supreme People's Court on the Issues of Jurisdiction over and Acceptance of Litigation Cases Related to Regulatory Functions of the Stock Exchanges

- **III The Self-Regulation System Should be created in global capital markets**
- The system of finance anti-monopoly is becoming the new motion in the global capital markets
- Create the Self-Regulation System of global capital markets is the issue of international institutional law



- **The essence of financial crisis is the humanity crisis**
- **China, Korea and Japan can take advantage of Asian Culture and establish the Asia Foundation of Traditional Culture, And then draft international standards of leadership credibility in company .**





復旦大學

Thank you very much!

E-mail: lyxu@fudan.edu.cn