



HAN KUN LAW OFFICES

# Legal Update

CHINA PRACTICE • GLOBAL VISION

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## ● Top News

### China Strengthens Administration on Foreign Enterprises Representative Offices

## ● Inside the News

The PRC State Administration for Industry and Commerce and the Ministry of Public Security promulgated on January 4, 2010 the *Notice on Further Strengthening the Administration of Registration of Resident Representative Offices of Foreign Enterprises* (the “**Notice**”). The Notice aims to strengthen the administration of foreign enterprises resident representative offices (“**RO**”). It calls for a crack down on such phenomena as changing a RO’s registration matters without going through required procedures, submitting fraudulent documents to finish registration, and conducting business operations illegally etc.

The main contents of the Notice are as follows:

1. The local administration for industry and commerce (“**AIC**”) shall strengthen examination of registration application materials of ROs and strictly implement the notarization and certification system of overseas legal documents. During its establishment or name change process, a RO shall submit the lawful certificate of incorporation of its affiliated enterprise which exists more than two years and the capital credit certificate issued by the financial institution which has business connections with the enterprise, all of which shall be notarized and certified by the national or regional notary public office and the embassy or consulate of the PRC in that country or region. When setting up a RO of an enterprise incorporated in Hong Kong, Macao or Taiwan or changing its name, the required documents shall be in accordance with current relevant regulations. When a RO applies for the renewal of the registration certificate, it shall submit the certificate of good standing issued by the relevant authorities in the country or region where its affiliated enterprise resides.

2. The local AIC shall issue uniformly registration certificates with a term of one year to ROs applying for establishment and renewal. The issued certificates with a term more than one year shall be reissued when the ROs conduct registration change or renewal.
3. Generally the number of the representatives (including the chief representative) of a RO shall not exceed four. ROs with more than four representatives are only allowed to deregister the representatives in principle and not allowed to add new representatives.
4. The local AIC shall conduct on-site examination against such registration matters as the resident address of newly-established ROs within three months following obtaining the registration certificates by the ROs. The ROs which have submitted fraudulent documents shall be timely investigated and dealt with in accordance with law. The ROs which have conducted business operations by charging fees in various forms shall be punished according to the relevant regulations concerning operations without business licenses.
5. The local AIC and public security authorities will cooperate and coordinate to administer the ROs. The AIC shall notify on a regular basis the exit and entry administration department of the public security authorities of the ROs' registration matters and their unlawful activities. Where a RO is suspected of committing fraud or conducting illegal operations, the AIC shall timely hand over the case to the public security authorities according to the relevant laws and regulations. Where the exit and entry administration department of the public security authorities discovers that a RO or its representative uses fraudulent address for registration, conducts business in a place other than its registered address or fails to file annual inspection, etc., it shall timely notify the AIC to handle the foregoing matters in accordance with law.

Should you have any questions regarding the above, please feel free to contact us. Thank you!

## Important Announcement

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