



HAN KUN LAW OFFICES

# Legal Update

CHINA PRACTICE • GLOBAL VISION

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## ● Top News

### **CSRC Adopted Amendments to Allow Partnership Enterprises to Open Securities Accounts**

## ● Inside the News

On October 13, 2009, the China Securities Regulatory Commission (“**CSRC**”) published on its website the *Decision to Amend Section 14 and Section 19 of the Rules on the Administration of Securities Registration and Settlement (Draft for Comment)* (the “**Draft**”) to solicit public comments. The Draft enlarges the scope of entities that are entitled to open securities accounts, by allowing Chinese partnerships and other investors provided in laws, regulations and rules of the CSRC to open securities accounts.

On November 20, 2009, the CSRC issued the *Decision to Amend the Rules on the Administration of Securities Registration and Settlement* (the “**Decision**”), effective as of December 21, 2009. The Decision adopts the two amendments as set forth in the Draft without making any modifications. Prior to the issuance of the Decision, only legal persons and natural persons may open securities accounts, creating procedural barriers for Chinese onshore private equity funds to exit through Chinese A-share market. The new amendment should ease PE funds in the form of partnership enterprise or non-legal person entities ongoing concern over exits.

The Decision does not specify the scope of “other investors”. However, according to an separate explanation published by the CSRC on its website together with the Draft, “other investors” include qualified foreign institution investors (QFIIs), foreign strategic investors, natural persons, legal persons and other organizations from foreign countries, Hong Kong, Macau and Taiwan who invest in the B-share market, and venture capital investment enterprises as provided in the *Interim Measures for the Administration of Venture Capital Investment Enterprises*.

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

## **Important Announcement**

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