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Securities Law of the People's Republic of China

Release time: 2019-12-30 15 : 43Source

: Legal Daily

[Font Size: Tai Zhong small]

print

(Adopted at the Sixth Meeting of the Standing Committee of the Ninth National People's Congress on December 29, 1998. According to the "11th Meeting of the Standing Committee of the Tenth National People's Congress on August 28, 2004, The First Amendment of the "Decision of the Law" was amended for the first time on October 27, 2005 at the Eighteenth Session of the Standing Committee of the Tenth National People's Congress. According to the Standing Committee of the Twelfth National People's Congress on June 29, 2013 The third meeting of the "Decision on Amending the Twelve Laws of the" People's Republic of China on the Protection of Cultural Relics "and the like" The second amendment is based on the tenth meeting of the Standing Committee of the Twelfth National People's Congress on August 31, 2014 Decision to Amend the Five Laws, including the "Insurance Law of the People's Republic of China," Third Amendment (December 28, 2019, Second Amendment to the 15th Meeting of the Standing Committee of the 13th National People's Congress)

Order of the President of the People's Republic of China No. 37

The "Securities Law of the People's Republic of China" has been revised and adopted by the 15th meeting of the Standing Committee of the 13th National People's Congress of the People's Republic of China on December 28, 2019, and is hereby promulgated for implementation on March 1, 2020 .

Xi Jinping, President of the People's Republic of China

December 28, 2019

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Chapter I General Provisions

Article 1 This Law is enacted to regulate the issuance and trading of securities, protect the legitimate rights and interests of investors, safeguard social and economic order and public interests, and promote the development of a socialist market economy.

Article 2 Within the territory of the People's Republic of China, this Law applies to the issuance and trading of stocks, corporate bonds, depositary receipts and other securities recognized by the State Council in accordance with the law; if it is not specified in this Law, the Company Law of the People's Republic of China and other laws 2. Provisions of administrative regulations.

This law applies to the listing and trading of government bonds and securities investment fund shares; if other laws and administrative regulations provide otherwise, their provisions shall apply.

Measures for the administration of the issuance and trading of asset-backed securities and asset management products shall be prescribed by the State Council in accordance with the principles of this law.

Any securities issuance and trading activities outside the People's Republic of China that disrupts the domestic market order of the People's Republic of China and damages the legitimate rights and interests of domestic investors shall be handled and investigated for legal liability in accordance with the relevant provisions of this Law.

Article 3 Securities issuance and trading activities must follow the principles of openness, fairness and impartiality.

Article 4 The parties to securities issuance and trading activities have equal legal status and shall abide by the principles of voluntariness, compensation, and good faith.

Article 5 Securities issuance and trading activities must comply with laws and administrative regulations; fraud, insider trading, and manipulation of the securities market are prohibited.

Article 6 The securities industry, the banking industry, the trust industry, and the insurance industry implement separate operations and separate management. Securities companies are established separately from banks, trusts, and insurance agencies. Except as otherwise provided by the state.

Article 7 The securities regulatory authority under the State Council exercises centralized and unified supervision and management of national securities markets in accordance with law.

The securities regulatory authority under the State Council may establish dispatch agencies as required to perform supervision and management duties as authorized.

Article 8 National auditing institutions shall, in accordance with law, conduct audit supervision on securities trading venues, securities companies, securities registration and settlement agencies, and securities regulatory agencies.

Chapter II Issuance of Securities

Article 9 The public issuance of securities must meet the conditions stipulated by laws and administrative regulations, and be reported to the securities regulatory authority of the State Council or a department authorized by the State Council for registration in accordance with the law. Without registration according to law, no unit or individual may issue securities publicly. The specific scope and implementation steps of the securities issuance registration system shall be prescribed by the State Council.

Under any of the following circumstances, it is a public offering:

- (1) issuing securities to unspecified objects;
- (2) The cumulative number of securities issued to specific objects exceeds 200, but the number of employees who implement the employee shareholding plan in accordance with the law does not count;
- (3) Other issuances as required by laws and administrative regulations.

Non-public issuance of securities shall not adopt the methods of advertisement, public solicitation and disguised publicity.

Article 10 Where an issuer applies for the public issuance of shares or corporate bonds convertible into shares, if it adopts an underwriting method according to law, or if it publicly issues other securities that require a sponsorship system as required by laws and administrative regulations, it shall employ a securities company as a sponsor.

The sponsor shall abide by the business rules and industry norms, be honest and trustworthy, be diligent and responsible, conduct careful checks on the issuer's application documents and information disclosure materials, and supervise the issuer's standardized operation.

Measures for the management of sponsors shall be prescribed by the securities regulatory authority under the State Council.

Article 11 The establishment of a company limited by shares for public offering of shares shall comply with the conditions stipulated in the "Company Law of the People's Republic of China" and other conditions prescribed by the State Council's securities regulatory authority approved by the State Council. The following documents:

- (1) the articles of association of the company;
- (2) promoter agreement;
- (3) the name or name of the promoter, the number of shares subscribed by the promoter, the type of capital contribution and the capital verification certificate;
- (4) prospectus;
- (5) the name and address of the bank that collects funds on behalf of the company;
- (6) The name of the underwriting agency and related agreements.

Where a sponsor is hired in accordance with the provisions of this Law, it shall also submit a letter of sponsorship issued by the sponsor.

Where laws and administrative regulations require the establishment of a company to be approved, corresponding approval documents shall also be submitted.

Article 12 A company's initial public offering of new shares shall meet the following conditions:

- (1) Having a sound and well-functioning organizational structure;
- (2) Having the ability to continue operations;
- (3) Unqualified audit report issued in the financial accounting report in the last three years;

(4) The issuer, its controlling shareholder, and actual controller have not committed any criminal crimes of corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order in the last three years;

(5) Other conditions prescribed by the State Council's securities regulatory authority approved by the State Council.

The issuance of new shares by a listed company shall meet the conditions stipulated by the securities regulatory authority of the State Council approved by the State Council, and the specific management measures shall be prescribed by the securities regulatory authority of the State Council.

The public issuance of depositary receipts shall meet the conditions for the initial public offering of new shares and other conditions prescribed by the securities regulatory authority under the State Council.

Article 13 When a company issues new shares publicly, it shall submit an application for share offering and the following documents:

- (1) the company's business license;
- (2) the articles of association of the company;
- (3) Resolutions of the shareholders meeting;
- (4) prospectus or other public offering documents;
- (5) Financial and accounting reports;
- (6) The name and address of the bank that collects the funds on behalf of the company.

Where a sponsor is hired in accordance with the provisions of this Law, it shall also submit a letter of sponsorship issued by the sponsor. If underwriting is implemented in accordance with the provisions of this Law, the name of the underwriting agency and related agreements shall also be submitted.

Article 14 The company must use the funds raised in the public offering of shares in accordance with the use of funds listed in the prospectus or other public offering documents; to change the use of funds, a shareholders' general meeting must make a resolution. Any change of use without authorization, without correction, or approval by the shareholders' general meeting, shall not publicly issue new shares.

Article 15 The public issuance of corporate bonds shall meet the following conditions:

- (1) Having a sound and well-functioning organizational structure;
- (2) The average distributable profits in the last three years are sufficient to pay one year's interest on corporate bonds;
- (3) Other conditions stipulated by the State Council.

Funds raised through the public issuance of corporate bonds must be used in accordance with the purpose of the funds listed in the Corporate Bond Raising Measures; changes in the use of funds must be made at a meeting of bondholders to make a decision. Funds raised through public issuance of corporate bonds shall not be used to make up for losses and non-productive expenses.

Listed companies that issue corporate bonds that can be converted into stocks, in addition to meeting the conditions specified in paragraph 1, shall also comply with the provisions of paragraph 2 of Article 12 of this law. However, in accordance with the corporate bond fundraising measures, listed companies do not convert corporate bonds by purchasing shares of the company.

Article 16 To apply for the public issuance of corporate bonds, the following documents shall be submitted to the department authorized by the State Council or the securities regulatory authority of the State Council:

- (1) the company's business license;
- (2) the articles of association of the company;
- (3) Measures for raising corporate bonds;
- (4) Other documents prescribed by the department authorized by the State Council or the securities regulatory authority of the State Council.

Where a sponsor is hired in accordance with the provisions of this Law, it shall also submit a letter of sponsorship issued by the sponsor.

Article 17 Under any of the following circumstances, corporate bonds may not be issued publicly again:

- (1) The fact that there has been a default on corporate bonds or other debts that have been publicly issued or that the payment of principal and interest is delayed, continues;
- (2) In violation of the provisions of this Law, changing the use of funds raised for public issuance of corporate bonds.

Article 18 The format and submission method of application documents submitted by an issuer for a public issuance of securities shall be prescribed by the institution or department responsible for registration in accordance with the law.

Article 19 The application documents for securities issuance submitted by the issuer shall fully disclose the information necessary for investors to make value judgments and investment decisions, and the content shall be true, accurate and complete.

Securities service agencies and personnel with relevant documents for securities issuance must strictly perform their legal duties to ensure the authenticity, accuracy and completeness of the documents issued.

Article 20 Where an issuer applies for an initial public offering of shares, after submitting the application documents, it shall disclose the relevant application documents in advance in accordance with the regulations of the securities regulatory authority under the State Council.

Article 21 The securities regulatory authority under the State Council or a department authorized by the State Council shall be responsible for the registration of securities issuance applications in accordance with statutory conditions. The specific measures for registration of public offering of securities shall be prescribed by the State Council.

According to the regulations of the State Council, stock exchanges and others can review applications for public offering of securities, determine whether the issuer meets the conditions for issuance and information disclosure requirements, and urge the issuer to improve the information disclosure content.

Persons participating in the application for registration of securities issuance in accordance with the preceding two paragraphs shall not have an interest in the issuance applicant, shall not directly or indirectly receive gifts from the issuance applicant, shall not hold the registered issuance application securities, and shall not privately engage with the issuance applicant Make contact.

Article 22 The securities regulatory authority under the State Council or a department authorized by the State Council shall, within three months from the date of accepting the application documents for securities issuance, make a decision to register or not to register in accordance with legal conditions and legal procedures. The time to supplement and modify the issuance application documents is not included. If registration is not allowed, the reasons shall be stated.

Article 23 After the application for securities issuance is registered, the issuer shall, in accordance with the provisions of laws and administrative regulations, announce the public offering documents before the public issuance of securities, and place the documents at a designated place for public inspection.

Before the information of the securities issuance is made public according to law, no insider shall disclose or disclose the information.

The issuer shall not issue securities before announcing the public offering of the offering documents.

Article 24 The securities regulatory authority under the State Council or a department authorized by the State Council shall, if it finds that the decision on securities issuance registration has not been made, does not meet the legal requirements or legal procedures and has not yet issued securities, it shall revoke and suspend the issuance. If the issue has not been listed, the issuance of the registration decision shall be revoked. The issuer shall return the securities holders at the issue price and add the bank deposit interest for the same period. The controlling shareholder, actual controller and sponsor of the issuer shall bear joint and several liabilities with the issuer. Except those who can prove that they are not at fault.

Where an issuer of a stock conceals important facts or fabricates significant false content in a securities offering document such as a prospectus, and has been issued and listed, the securities regulatory authority of the State Council may order the issuer to repurchase securities, or order the responsible controlling shareholder, actual Controller buys back securities.

Article 25 After the issuance of stocks in accordance with the law, the issuer's operations and income changes shall be borne by the issuer itself; investment risks caused by such changes shall be borne by the investors themselves.

Article 26 Where securities issued by an issuer to an unspecified subject are required by laws and administrative regulations to be underwritten by a securities company, the issuer shall sign an underwriting agreement with the securities company. The securities underwriting business adopts the method of underwriting or underwriting.

Securities underwriting refers to the underwriting method in which a securities company sells securities on behalf of the issuer, and at the end of the underwriting period, returns all unsold securities to the issuer.

Securities underwriting refers to an underwriting method in which a securities company purchases all the securities of the issuer in accordance with the agreement or purchases all the remaining securities after sale at the end of the underwriting period.

Article 27 Issuers of publicly issued securities have the right to independently choose securities companies to underwrite in accordance with the law.

Article 28 A securities company underwriting securities shall sign an underwriting or underwriting agreement with the issuer, stating the following:

- (1) the name, domicile and legal representative's name of the parties;
- (2) the type, quantity, amount and issue price of the securities on consignment or underwriting;
- (3) the time limit and start and end dates of consignment and underwriting;
- (4) Payment methods and dates for consignment and underwriting;
- (5) Expenses and settlement methods for consignment and underwriting;
- (6) liability for breach of contract;
- (7) Other matters stipulated by the securities regulatory authority of the State Council.

Article 29 A securities company underwriting securities shall check the authenticity, accuracy, and completeness of the public offering documents. If false records, misleading statements or major omissions are found, sales activities shall not be conducted; if sales have been made, sales activities must be stopped immediately and corrective measures shall be taken.

A securities company must not underwrite securities:

- (1) conducting false or misleading investors' advertising or other promotional activities;
- (2) soliciting underwriting business by means of unfair competition;
- (3) Other acts that violate the provisions of securities underwriting business.

If a securities company commits any of the acts listed in the preceding paragraph and causes losses to other securities underwriters or investors, it shall be liable for compensation in accordance with law.

Article 30 Where an underwriting syndicate is employed to issue securities to unspecified objects, the underwriting syndicate shall be composed of the securities companies that are the main underwriters and participating underwriters.

Article 31 The maximum period for the agency sales and underwriting of securities shall not exceed 90 days.

During the period of agency sales and underwriting, a securities company shall guarantee that the securities it sells and underwrites to the subscriber in advance, and the securities company shall not reserve for the company the securities it sells on its behalf and purchase and retain the securities underwritten beforehand.

Article 32 Where a stock issue is issued at a premium, the issue price shall be determined through negotiation between the issuer and the underwriting securities company.

Article 33 The issuance of stocks is conducted on an agency basis. When the term of agency sales expires and the number of shares sold to investors does not reach 70% of the number of shares to be publicly issued, the issuance fails. The issuer shall return the stock subscribers at the issue price and add the bank deposit interest for the same period.

Article 34 When the period of stock issuance for public offering expires, the issuer shall report the stock issuance to the securities regulatory authority under the State Council for the record within the prescribed period.

Chapter III Securities Trading

Section I General Provisions

Article 35 The securities bought and sold by the parties to a securities transaction in accordance with the law must be securities issued and delivered in accordance with the law.

Securities not issued in accordance with the law shall not be traded.

Article 36. In the case of securities issued in accordance with the law, the "Company Law of the People's Republic of China" and other laws have restrictions on the transfer period, and shall not be transferred within the limited period.

Shareholders, de facto controllers, directors, supervisors, senior managers, and other shareholders who hold more than 5% of the shares of a listed company, and other shareholders who hold shares issued by the issuer before the initial public offering or shares issued by the listed company to specific targets, The transfer of the company's shares held by it shall not violate laws, administrative regulations and the regulations of the State Council's securities regulatory authority on the holding period, the time of sale, the number of sales, the sales method, and information disclosure, and shall comply with the stock exchange Business rules.

Article 37 Publicly issued securities shall be listed and traded on a stock exchange established in accordance with the law or on other national securities trading venues approved by the State Council.

Non-publicly issued securities may be transferred on the stock exchange, other national securities trading venues approved by the State Council, and regional equity markets established in accordance with the provisions of the State Council.

Article 38 When securities are listed and traded on a stock exchange, they shall adopt open centralized trading methods or other methods approved by the securities regulatory authority of the State Council.

Article 39 The securities bought and sold by the parties to a securities transaction may be in paper form or other forms prescribed by the securities regulatory authority under the State Council.

Article 40 Employees of securities trading venues, securities companies and securities registration and clearing institutions, staff of securities regulatory agencies, and other persons who are prohibited by law or administrative regulations from participating in stock transactions may not directly or within their term of office or legal limit. Holding or buying or selling stocks or other securities of an equity nature under a pseudonym or in the name of another person shall not accept stocks or other securities of an equity nature donated by others.

When a person becomes a person listed in the preceding paragraph, the stocks or other stock-equity securities that he originally held must be transferred according to law.

Employees of securities companies that implement equity incentive plans or employee shareholding plans may hold or sell the company's stock or other securities of an equity nature in accordance with the regulations of the securities regulatory authority under the State Council.

Article 41 Securities trading venues, securities companies, securities registration and settlement agencies, securities service agencies and their staff shall keep the investor's information confidential in accordance with law, and shall not illegally buy, sell, or disclose investor information.

Securities trading venues, securities companies, securities registration and settlement agencies, securities service agencies, and their staff members must not disclose known commercial secrets.

Article 42 Securities service agencies and personnel who issue audit reports or legal opinion documents for securities issuance shall not buy or sell the securities during the period of the securities underwriting and within six months after the expiration of the period.

In addition to the provisions of the preceding paragraph, securities service agencies and personnel who issue audit reports or legal opinions for the issuer and its controlling shareholder, actual controller, or acquirer, major asset transaction party, etc. Within five days after the documents are published, the securities may not be bought or sold. If the date on which the above-mentioned related work is actually carried out is earlier than the date on which the commission was accepted, the securities shall not be traded from the day when the above-mentioned related work is actually carried out to five days after the publication of the aforementioned documents.

Article 43 The fees for securities transactions must be reasonable, and the items, standards and management measures for fees should be made public.

Article 44 Shareholders, directors, supervisors, and senior managers of listed companies and companies whose stocks are traded on other national securities trading venues approved by the State Council shall hold their shares of the company Or other securities with equity nature are sold within

six months after the purchase, or they are purchased again within six months after the sale, and the proceeds are owned by the company, and the company's board of directors shall recover the proceeds. However, except for securities companies holding more than 5% of the shares due to the purchase of the remaining shares after the package is sold, and other circumstances stipulated by the securities regulatory authority of the State Council.

The stocks held by directors, supervisors, senior management personnel, and natural person shareholders or other securities of an equity nature referred to in the preceding paragraph include stocks held by their spouses, parents, and children, and shares held by others' accounts, or other stock equity Securities.

If the company's board of directors fails to implement the provisions of the first paragraph, the shareholders have the right to require the board of directors to execute within 30 days. If the company's board of directors fails to execute within the aforementioned time limit, shareholders have the right to directly sue in the people's court in their own name for the benefit of the company.

If the company's board of directors fails to implement the provisions of the first paragraph, the responsible directors shall bear joint and several liabilities according to law.

Article 45 Where a computerized program automatically generates or issues a transaction instruction for programmatic transactions, it shall comply with the regulations of the securities regulatory authority under the State Council and report to the stock exchange, and shall not affect the security of the stock exchange system or the normal order of transactions.

Section 2 Listing of Securities

Article 46 To apply for a listing of securities, an application shall be submitted to the stock exchange, which shall be examined and approved by the stock exchange in accordance with the law, and a listing agreement shall be signed by both parties.

The stock exchange arranges the listing and trading of government bonds in accordance with the decision of a department authorized by the State Council.

Article 47 An application for listing of securities shall comply with the listing conditions prescribed by the listing rules of the stock exchange.

The listing conditions stipulated in the listing rules of the stock exchange shall require the issuer's operating life, financial status, minimum public offering ratio, corporate governance, and integrity records.

Article 48 In the case of listed securities that are subject to termination of listing as required by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

If the stock exchange decides to terminate the listing of securities, it shall make a timely announcement and report it to the securities regulatory authority under the State Council for the record.

Article 49 If you are not satisfied with the decision of the stock exchange not to list or terminate the listing, you may apply to the review agency established by the stock exchange for review.

Section III Prohibited Transactions

Article 50 Insiders of insider information of securities transactions and persons who illegally obtain insider information are prohibited from using insider information to engage in securities trading activities.

Article 51 Insiders of insider information of securities transactions include:

- (1) the issuer and its directors, supervisors and senior management personnel;
- (2) shareholders who hold more than 5% of the company's shares and their directors, supervisors and senior management personnel; the actual controller of the company and its directors, supervisors and senior management personnel;
- (3) The company that the issuer controls or actually controls and its directors, supervisors and senior management personnel;
- (4) Persons who can obtain the company's relevant inside information due to their positions or business dealings with the company;
- (5) the acquirer of a listed company or a major asset transaction party and its controlling shareholder, actual controller, director, supervisor and senior management personnel;
- (6) Relevant personnel of securities trading venues, securities companies, securities registration and settlement agencies, and securities service agencies that can obtain inside information due to their positions and work;
- (7) Staff members of securities regulatory agencies who can obtain inside information due to their duties and work;
- (8) Staff members of relevant authorities and supervisory agencies who can obtain inside information for the issuance and trading of securities or the management of listed companies and their acquisitions and major asset transactions due to statutory duties;
- (9) Other persons who can obtain inside information as stipulated by the securities regulatory authority under the State Council.

Article 52 In securities trading activities, information that has not yet been disclosed that involves the issuer's operations, finances, or has a significant impact on the market price of the issuer's securities is inside information.

The major events listed in Article 80 (2) and Article 81 (2) of this Law are inside information.

Article 53. Insiders of insider information of securities transactions and persons who illegally obtain inside information shall not buy or sell the company's securities or disclose the information or suggest others to buy or sell the securities before the inside information is made public.

Natural persons, legal persons, and unincorporated organizations that hold or jointly hold other companies with more than 5% of the company's shares through agreements or other arrangements purchase the shares of listed companies. If there are other provisions in this law, the provisions

shall apply.

If insider trading causes losses to investors, they shall be liable for compensation according to law.

Article 54 Employees of securities trading venues, securities companies, securities registration and settlement agencies, securities service institutions, and other financial institutions, staff of relevant regulatory departments or industry associations are prohibited from using information other than inside information obtained for convenience of their duties. Undisclosed information violates regulations, engages in securities trading activities related to the information, or expressly or implicitly suggests that others engage in related trading activities.

Anyone who makes use of undisclosed information to conduct transactions and cause losses to investors shall be liable for compensation in accordance with the law.

Article 55 It is forbidden for anyone to manipulate the securities market by any of the following means to influence or intend to influence the price or volume of securities transactions:

- (1) Individual or through conspiracy, centralized capital advantages, shareholding advantages, or information advantages to jointly or continuously buy and sell;
- (2) collusion with others and conduct securities transactions with each other at a time, price and manner agreed in advance;
- (3) conducting securities transactions between accounts that it actually controls;
- (4) Frequent or large-scale declarations and cancellations are not made for the purpose of closing transactions;
- (5) using false or uncertain material information to induce investors to conduct securities transactions;
- (6) making public evaluations, predictions or investment proposals for securities and issuers, and conducting reverse securities transactions;
- (7) Manipulating the securities market using activities in other relevant markets;
- (8) Other means of manipulating the securities market.

Any manipulation of the securities market that causes losses to investors shall be liable for compensation in accordance with the law.

Article 56 It is forbidden for any unit or individual to fabricate or disseminate false or misleading information and disrupt the securities market.

Securities trading venues, securities companies, securities registration and settlement agencies, securities service agencies and their employees, securities industry associations, securities regulatory agencies and their staff are prohibited from making false statements or misleading information in securities trading activities.

All kinds of media must disseminate securities market information truthfully and objectively, and misleading is prohibited. The media and its personnel engaged in the reporting of securities market information shall not engage in securities trading that conflicts with their job duties.

Whoever fabricates or disseminates false or misleading information, disrupts the securities market, or causes losses to investors shall be liable for compensation in accordance with law.

Article 57 Securities companies and their employees are prohibited from engaging in the following acts that harm the interests of customers:

- (1) buying and selling securities for clients in violation of the client's mandate;
- (2) not to provide customers with confirmation documents of the transaction within the prescribed time;
- (3) buying and selling securities for clients without authorization from the client, or buying and selling securities in the name of the client;
- (4) To induce commission income to induce customers to conduct unnecessary securities trading;
- (5) Other acts that violate the true intentions of customers and harm the interests of customers.

Anyone who causes losses to customers in violation of the preceding paragraph shall be liable for compensation in accordance with the law.

Article 58 No unit or individual may violate its provisions by lending its own securities account or borrowing someone else's securities account to engage in securities transactions.

Article 59 Channels for capital entry shall be broadened according to law, and funds shall not be allowed to flow into the stock market in violation of regulations.

Investors are prohibited from illegally using financial funds or bank credit funds to buy or sell securities.

Article 60 The sale and purchase of listed stocks by wholly state-owned enterprises, wholly state-owned companies, and state-owned capital holding companies must comply with relevant state regulations.

Article 61 Securities trading venues, securities companies, securities registration and settlement agencies, securities service agencies and their employees shall report to the securities regulatory authority in a timely manner the prohibited trading behaviors discovered in securities transactions.

Chapter IV Acquisition of Listed Companies

Article 62 An investor may adopt a tender offer, an agreement offer, or other legal means to acquire a listed company.

Article 63 When a securities company trades on a stock exchange, investors hold or jointly hold with others through agreements or other arrangements, a listed company's issued voting shares reach 5%, it shall take place on the fact that Within three days from the date, make a written report to the securities regulatory authority of the State Council and the stock exchange, notify the listed company, and make an announcement. Within the above-mentioned period, it is no longer possible to buy or sell the shares of the listed company. Exceptions.

After an investor holds or jointly holds with another person through an agreement or other arrangement, a listed company's issued voting shares have reached 5%, and the percentage of the listed company's issued voting shares that it holds will increase or decrease by each percentage. 5. Reports and announcements shall be made in accordance with the provisions of the preceding paragraph. Within the three days after the announcement of such facts, the stocks of the listed company shall not be traded, except in the circumstances prescribed by the securities regulatory authority of the State Council.

After an investor holds or jointly holds with another person through an agreement or other arrangement, a listed company's issued voting shares have reached 5%, and the percentage of the listed company's issued voting shares that it holds will increase or decrease by each percentage. First, the listed company shall be notified and announced on the day after the fact occurs.

In the case of buying shares of a listed company that have voting rights in violation of the provisions of paragraphs 1 and 2, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after purchase.

Article 64 The announcement made in accordance with the provisions of the preceding article shall include the following:

- (1) the name and domicile of the shareholder;
- (2) the name and amount of the shares held;
- (3) the date on which the shareholding has reached the statutory ratio or the increase or decrease in shareholding has reached the statutory ratio, and the source of funds for increasing the shareholding;
- (4) The time and method of changes in shares with voting rights in listed companies.

Article 65: Through the securities exchange of a stock exchange, if an investor holds or jointly holds with another person through an agreement or other arrangement, 30% of the issued voting shares of a listed company continue to be acquired, An offer to acquire all or part of the shares of a listed company shall be issued to all shareholders of the listed company in accordance with the law.

The offer to acquire part of the shares of a listed company shall stipulate that if the amount of the shares promised to be sold by the shareholders of the acquired company exceeds the amount of the shares planned to be acquired, the acquirer shall purchase in proportion.

Article 66 When a takeover bid is issued in accordance with the provisions of the preceding article, the acquirer must announce the takeover report of the listed company and state the following:

- (1) the name and domicile of the acquirer;
- (2) the purchaser's decision on the acquisition;
- (3) the name of the acquired listed company;
- (4) the purpose of the acquisition;
- (5) the detailed name of the shares to be acquired and the amount of shares to be acquired;
- (6) Acquisition period and price;
- (7) the amount of funds required for the acquisition and the capital guarantee;
- (8) Proportion of the number of shares of the acquired company held by the listed company in the announcement of the acquisition report of the listed company over the total number of issued shares of the company.

Article 67 The acquisition period stipulated in the tender offer shall not be less than 30 days and shall not exceed 60 days.

Article 68 Within the time limit of the commitment specified in the tender offer, the acquirer shall not revoke its tender offer. If the acquirer needs to change the tender offer, it shall make an announcement in time, stating the specific changes, and the following circumstances shall not exist:

- (1) reduce the purchase price;
- (2) reducing the amount of shares planned to be acquired;
- (3) shortening the acquisition period;
- (4) Other circumstances stipulated by the securities regulatory authority of the State Council.

Article 69 The various acquisition conditions set out in the tender offer shall apply to all shareholders of the company being acquired.

Where a listed company issues different types of shares, the acquirer may propose different acquisition conditions for different types of shares.

Article 70 In the case of a tender offer, the acquirer shall not sell the shares of the company being acquired during the acquisition period, nor may it purchase the shares of the company being acquired in a form other than that specified in the offer and beyond the conditions of the offer.

Article 71 Where an agreement is adopted for acquisition, the acquirer may, in accordance with the provisions of laws and administrative regulations, carry out share transfers with the shareholders of the company to be acquired by agreement.

When acquiring a listed company by agreement, after the agreement is reached, the acquirer must report the purchase agreement to the securities regulatory authority of the State Council and the stock exchange within three days and make an announcement.

The acquisition agreement shall not be fulfilled before the announcement.

Article 72 In the case of an acquisition by agreement, the two parties to the agreement may temporarily entrust the securities registration and settlement institution to keep the shares transferred under the agreement and deposit the funds in a designated bank.

Article 73 In the case of an agreement acquisition, if the acquirer purchases or jointly purchases a listed company with 30% of the voting shares of a listed company through agreement or other arrangements, the acquisition shall be continued according to law. All shareholders of a listed company issued an offer to acquire all or part of the shares of the listed company. However, except where the offer is exempted in accordance with the regulations of the securities regulatory authority under the State Council.

The acquirer shall purchase the shares of a listed company by way of an offer in accordance with the provisions of the preceding paragraph, and shall abide by the provisions of Article 65, paragraph 2, and Articles 66 to 70 of this Law.

Article 74 If the acquisition period expires and the distribution of the equity of the acquired company does not meet the requirements for listing and trading required by the stock exchange, the shares of the listed company shall be terminated by the stock exchange in accordance with the law; the rest shall still hold the shares of the acquired company. Shareholders have the right to sell their stocks to the acquirer on the same conditions as the tender offer, and the acquirer should acquire.

After the completion of the acquisition, if the company being acquired no longer meets the requirements of a joint stock limited company, the enterprise form shall be changed in accordance with the law.

Article 75 In the acquisition of a listed company, the shares of the acquired listed company held by the acquirer shall not be transferred within 18 months after the completion of the acquisition.

Article 76 After the acquisition is completed, if the acquirer merges with the acquired company and dissolves the company, the original stock of the dissolved company shall be replaced by the acquirer according to law.

After the completion of the acquisition, the acquirer shall report the acquisition to the securities regulatory authority of the State Council and the stock exchange within 15 days and make an announcement.

Article 77 The securities regulatory authority under the State Council shall formulate specific measures for the acquisition of listed companies in accordance with this Law.

If a listed company is divided or merged by another company, it shall report to the securities regulatory authority under the State Council and make an announcement.

Chapter V Information Disclosure

Article 78 The issuer and other information disclosure obligors stipulated by laws, administrative regulations and the securities regulatory authority under the State Council shall perform the information disclosure obligations in a timely manner in accordance with the law.

The information disclosed by the information disclosure obligor shall be true, accurate, complete, concise and clear, easy to understand, and shall not contain false records, misleading statements or major omissions.

Where securities are publicly issued or traded at the same time in or outside China, the information disclosed by their obligor for information disclosure overseas shall be disclosed simultaneously in China.

Article 79 Listed companies, companies that list and trade corporate bonds, and companies whose stocks are traded at other national securities trading venues approved by the State Council shall prepare periodic reports in accordance with the content and format prescribed by the securities regulatory authority and securities trading venues of the State Council. And submit and announce in accordance with the following regulations:

(1) within four months from the end of each accounting year, submit and publish an annual report, and the annual financial and accounting report therein shall be audited by an accounting firm that complies with the provisions of this law;

(2) Within two months from the end of the first half of each fiscal year, submit and announce the interim report.

Article 80 When a major event occurs that may have a significant impact on the stock transaction price of a listed company or a company trading at other national securities trading venues approved by the State Council, the investor shall immediately report the relevant major event if the investor has not yet learned about it. The circumstances of the incident shall be reported to the securities regulatory authority and securities trading venues of the State Council, and an announcement shall be made, explaining the cause, current status and possible legal consequences of the incident.

The major events referred to in the preceding paragraph include:

(1) major changes in the company's operating policies and scope;

(2) The company's major investment behavior, the company's purchase or sale of major assets within one year exceeds 30% of the company's total assets, or the company's main assets used for mortgage, pledge, sale or retirement exceed one percent of the assets thirty;

(3) The company's entering into important contracts, providing significant guarantees or engaging in related transactions may have a significant impact on the company's assets, liabilities, equity and operating results;

(4) The company's default of major debts and failure to settle major due debts;

(5) The company has suffered a major loss or a major loss;

(6) major changes in the external conditions of the company's production and operation;

(7) The directors, more than one third of the supervisors or managers of the company change, and the chairman or manager cannot perform his duties;

(8) The shareholder or actual controller holding more than five percent of the company's shares or the controlling company's situation has undergone major changes, and the actual controller of the company and other companies controlled by the company are engaged in the same or similar business as the company. The situation has changed significantly;

(9) The company's plan for dividend distribution and capital increase, important changes in the company's equity structure, the company's decision to reduce capital, merge, split, dissolve and apply for bankruptcy, or enter bankruptcy proceedings in accordance with law and be ordered to close;

(10) In major lawsuits and arbitrations involving the company, the resolutions of the shareholders' general meeting and the board of directors are revoked or invalidated according to law;

(11) The company was investigated and investigated for suspected crimes, and the company's controlling shareholders, actual controllers, directors, supervisors, and senior management personnel were taken compulsory measures for suspected crimes;

(12) Other matters stipulated by the securities regulatory authority of the State Council.

If the company's controlling shareholder or actual controller has a significant impact on the occurrence and progress of a major event, it shall promptly inform the company in writing of the relevant circumstances it knows, and cooperate with the company in fulfilling its information disclosure obligations.

Article 81 When a major event occurs that may have a significant impact on the trading price of listed and traded corporate bonds, and the investor has not yet learned, the company shall immediately report the relevant major event to the securities regulatory authority and securities trading venues of the State Council Submit an interim report and make an announcement, explaining the cause of the incident, its current status, and possible legal consequences.

The major events referred to in the preceding paragraph include:

(1) major changes in the company's equity structure or production and operation conditions;

(2) The credit rating of corporate bonds has changed;

(3) Mortgage, pledge, sale, transfer and scrap of major assets of the company;

(4) The company's failure to pay its due debts;

(5) The company's new borrowings or external guarantees exceed 20% of the net assets at the end of the previous year;

(6) The company waives creditor's rights or property exceeds 10% of the net assets at the end of the previous year;

(7) The company incurred a significant loss of more than 10% of its net assets at the end of the previous year;

(8) The company distributes dividends, makes capital reduction, merger, division, dissolution and application for bankruptcy, or enters bankruptcy proceedings according to law and is ordered to close down;

(9) major lawsuits and arbitrations involving the company;

(10) The company was investigated and investigated for suspected crimes, and the company's controlling shareholders, actual controllers, directors, supervisors, and senior management personnel were taken compulsory measures for suspected crimes;

(11) Other matters stipulated by the securities regulatory authority of the State Council.

Article 82 The directors and senior management of the issuer shall sign a written confirmation of the securities issuance documents and periodic reports.

The board of supervisors of the issuer shall review the securities issuance documents and periodic reports prepared by the board of directors and submit written review opinions. Supervisors shall sign written confirmation opinions.

The directors, supervisors and senior management of the issuer shall ensure that the issuer discloses the information in a timely and fair manner, and the information disclosed is true, accurate and complete.

If the directors, supervisors and senior management personnel cannot guarantee the authenticity, accuracy, completeness of the contents of the securities issuance documents and periodic reports or have objections, they shall express their opinions and state the reasons in the written confirmation opinion, and the issuer shall disclose them. If the issuer does not disclose, the directors, supervisors and senior management personnel may directly apply for disclosure.

Article 83 The information disclosed by the information disclosure obligor shall be disclosed to all investors at the same time, and shall not be disclosed to any unit or individual in advance. However, unless otherwise provided by laws and administrative regulations.

No unit or individual may illegally require the information disclosure obligor to provide information that needs to be disclosed according to law but has not yet been disclosed. The foregoing information that any unit or individual has learned in advance shall be kept secret until it is disclosed in accordance with law.

Article 84 In addition to the information that needs to be disclosed in accordance with the law, the obligor for information disclosure may voluntarily disclose information related to the value judgments and investment decisions made by investors, but it shall not conflict with the information disclosed in accordance with the law and may not mislead investors.

Where the issuer and its controlling shareholder, actual controller, directors, supervisors, senior management, etc. make public commitments, they shall disclose. Failure to honour the commitments causes losses to investors shall be liable for compensation according to law.

Article 85 The obligor for information disclosure fails to disclose information in accordance with the regulations, or there are false records, misleading statements, or major omissions in the securities issuance documents, periodic reports, interim reports and other information disclosure materials announced, resulting in investors in securities transactions In case of loss, the obligor for information disclosure shall be liable for compensation; the controlling shareholders, de facto controllers, directors, supervisors, senior management and other directly responsible persons of the issuer, and sponsors, underwriters of securities companies and their directly responsible persons shall To assume joint and several liability with the issuer, except that it can prove that it is not at fault.

Article 86 Information disclosed in accordance with the law shall be published on the websites of securities trading venues and media that meet the conditions prescribed by the securities regulatory authority of the State Council, and shall be placed at the company's residence and securities trading venues for public inspection.

Article 87 The securities regulatory authority under the State Council supervises and manages the information disclosure activities of the information disclosure obligor.

The securities trading venue shall supervise the information disclosure behavior of the information disclosure obligor of the securities it organizes to trade, and urge it to disclose the information in a timely and accurate manner in accordance with the law.

Chapter VI Investor Protection

Article 88 When selling securities and providing services to investors, a securities company shall fully understand the investor's basic information, property status, financial asset status, investment knowledge and experience, professional ability and other relevant information in accordance with regulations; truthfully explain securities, The important content of the service fully reveals investment risks; sells and provides securities and services that match the above-mentioned conditions of investors.

When purchasing securities or receiving services, investors shall provide the true information listed in the preceding paragraph in accordance with the express requirements of the securities company. Where a company refuses to provide or fails to provide information as required, the securities company shall notify the consequences thereof and refuse to sell securities or provide services to it in accordance with regulations.

Where a securities company violates the provisions of the first paragraph and causes losses to investors, it shall bear corresponding compensation liabilities.

Article 89 Investors can be classified into ordinary investors and professional investors based on factors such as property conditions, financial asset conditions, investment knowledge and experience, and professional capabilities. The standards for professional investors are regulated by the securities regulatory authority of the State Council.

In the event of a dispute between an ordinary investor and a securities company, the securities company shall prove that its behavior complies with the laws, administrative regulations and the regulations of the securities regulatory authority under the State Council, and there is no misleading or fraudulent situation. Where a securities company cannot prove it, it shall bear the corresponding liability for compensation.

Article 90 The board of directors, independent directors of listed companies, shareholders holding more than one percent of voting shares, or investor protection agencies (hereinafter referred to as investor protection agencies) established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority of the State Council), As the solicitor, can publicly request the shareholders of the listed company to entrust them to attend the shareholders' general meeting on their own or entrust securities companies and securities service agencies, and exercise shareholder rights such as proposal rights and voting rights on their behalf.

When soliciting shareholders' rights in accordance with the preceding paragraph, the solicitor shall disclose the solicitation documents and the listed company shall cooperate.

It is forbidden to publicly solicit shareholder rights in a paid or disguised manner.

If the public solicitation of shareholders' rights violates laws, administrative regulations or relevant regulations of the securities regulatory authority under the State Council and causes losses to a listed company or its shareholders, it shall be liable for compensation in accordance with law.

Article 91 A listed company shall clearly specify the specific arrangements and decision-making procedures for the distribution of cash dividends in its articles of association, and shall protect the shareholders' right to asset income in accordance with the law.

If a listed company has a profit after tax for the current year and has a surplus after making up for losses and drawing statutory reserve funds, it shall distribute cash dividends in accordance with the provisions of the company's articles of association.

Article 92 For the public issue of corporate bonds, a bondholder meeting shall be established, and the convening procedures, meeting rules and other important matters of the bondholder meeting shall be stated in the prospectus.

In the case of public issuance of corporate bonds, the issuer shall employ a bond trustee for the bond holders and conclude a bond trust management agreement. The trustee shall be the underwriter of this issuance or another institution recognized by the securities regulatory authority under the State Council. The bondholders meeting may decide to change the bond trustee. The bond trustee shall be diligent and responsible, perform the trusteeship management duties fairly, and shall not harm the interests of the bond holder.

If the bond issuer fails to pay the principal and interest of the bond on time, the bond trustee may accept all or part of the bond holder's entrustment to initiate, participate in civil lawsuits or liquidation procedures on behalf of the bond holder.

Article 93 Where an issuer causes losses to investors due to fraudulent issuance, false statements, or other major illegal acts, the issuer's controlling shareholder, actual controller, or relevant securities company may entrust an investor protection agency with Investors who have suffered losses reach an agreement and pay in advance. After the payment is made in advance, the issuer and other joint responsible persons may be pursued in accordance with the law.

Article 94 In the event of a dispute between an investor and an issuer, a securities company, etc., both parties may apply to an investor protection agency for mediation. In the event of a securities business dispute between an ordinary investor and a securities company, and the ordinary investor requests a mediation, the securities company shall not refuse.

Investor protection institutions may, in accordance with the law, support investors in bringing suits in people's courts against acts that harm the interests of investors.

Issuers' directors, supervisors, and senior executives who violate the laws, administrative regulations, or the articles of association when performing company duties cause losses to the company. The issuer's controlling shareholders, actual controllers, and other violations of the company's legal rights and interests cause losses to the company. Investors Where a protection agency holds shares of the company, it can bring a lawsuit in the people's court in its own name for the benefit of the company. The shareholding ratio and shareholding period are not restricted by the provisions of the "Company Law of the People's Republic of China".

Article 95 When an investor brings a civil compensation lawsuit such as a false statement, the subject matter of the lawsuit is of the same type, and if there is a large number of parties, the representative may be selected according to law for litigation.

For a lawsuit filed in accordance with the preceding paragraph, where there may be many other investors with the same lawsuit, the people's court may issue an announcement stating the circumstances of the lawsuit and notify the investor to register with the people's court within a certain period. The judgments and rulings made by the people's court have effect on the investors participating in the registration.

Entrusted by more than 50 investors, the investor protection agency may participate in the litigation as a representative and register with the people's court as the right holder confirmed by the securities registration and settlement institution in accordance with the provisions of the preceding paragraph, but the investor has clearly stated that it is unwilling to participate in the lawsuit Except for.

Chapter VII Securities Trading Venues

Article 96 Stock exchanges and other national securities trading venues approved by the State Council provide venues and facilities for centralized securities trading, organize and supervise securities trading, implement self-discipline management, register in accordance with law, and obtain legal personality.

The establishment, change and dissolution of other national securities trading venues approved by the stock exchange and the State Council shall be decided by the State Council.

The organization and management measures of other national securities trading venues approved by the State Council shall be prescribed by the State Council.

Article 97 Stock exchanges and other nationwide securities trading venues approved by the State Council may establish different market levels based on factors such as securities varieties, industry characteristics, and company size.

Article 98 A regional equity market established in accordance with the provisions of the State Council shall provide venues and facilities for the issuance and transfer of non-publicly issued securities. Specific administrative measures shall be prescribed by the State Council.

Article 99 When performing a self-discipline management function, a stock exchange shall abide by the principle of giving priority to social public interests and maintain fairness, order, and transparency in the market.

The establishment of a stock exchange must have a charter. The formulation and amendment of the articles of association of a stock exchange must be approved by the securities regulatory authority of the State Council.

Article 100 Stock exchanges must indicate the words stock exchanges in their names. No other unit or individual may use a stock exchange or an approximate name.

Article 101 The various fees and incomes that a stock exchange may have at its disposal should first be used to ensure the normal operation of its securities trading venues and facilities and to gradually improve them.

The property accumulation of the stock exchange that implements the membership system belongs to the members, and its rights and interests are jointly enjoyed by the members. During its existence, its property accumulation shall not be distributed to the members.

Article 102 Stock exchanges that implement a membership system shall have a board of directors and a board of supervisors.

The stock exchange has a general manager and is appointed and removed by the securities regulatory authority of the State Council.

Article 103 In the circumstances specified in Article 146 of the "Company Law of the People's Republic of China" or one of the following circumstances, he shall not be the person in charge of the stock exchange:

(1) It has not been more than five years since the date of dismissal from a securities trading venue, a person in charge of a securities registration and settlement institution or a director, supervisor, or senior manager of a securities company who has been dismissed due to an illegal act or disciplinary act;

(2) It has not been more than five years since the day when the practice certificate was revoked or the disqualified lawyer, certified public accountant, or professional of a securities service institution was revoked due to an illegal act or disciplinary act.

Article 104 Employees of securities trading venues, securities companies, securities registration and settlement agencies, securities service agencies and fired state agency staff who have been fired due to illegal or disciplinary acts shall not be recruited as employees of securities exchanges. personnel.

Article 105 Anyone entering a stock exchange that implements a membership system to participate in centralized trading must be a member of the stock exchange. Stock exchanges must not allow non-members to directly participate in the centralized trading of stocks.

Article 106 An investor shall sign a securities transaction commission agreement with a securities company, open an account with the real name of the securities company, and entrust the securities company to buy and sell securities on its behalf by written, telephone, self-service terminal, or internet.

Article 107 When a securities company opens an account for an investor, it shall check the identity information provided by the investor in accordance with regulations.

Securities companies may not provide investors' accounts for use by others.

Investors should use the account opened in real name for trading.

Article 108 A securities company shall submit transaction declarations in accordance with the entrustment of investors and securities trading rules, participate in centralized trading on the stock exchange, and shall bear corresponding clearing and settlement responsibilities based on the transaction results. The securities registration and settlement institution shall, in accordance with the transaction results and in accordance with

the rules of settlement and settlement, conduct settlement and settlement of securities and funds with securities companies, and handle the procedures for registration and transfer of securities for clients of securities companies.

Article 109 The stock exchange shall provide guarantee for the organization of fair and centralized transactions, real-time announcement of real-time market prices of securities transactions, and the production of securities market market tables based on the trading day for publication.

The rights and interests of real-time quotes on securities transactions shall be enjoyed by the stock exchange in accordance with law. Without the permission of the stock exchange, no unit or individual may release real-time quotes on securities transactions.

Article 110 A listed company may apply to the stock exchange for suspension or resumption of trading of its listed stocks, but shall not abuse the suspension or resumption of trading to infringe upon the legitimate rights and interests of investors.

The stock exchange may, in accordance with the provisions of the business rules, decide to suspend or resume trading of listed stocks.

Article 111 In the event of an emergency such as force majeure, unexpected event, major technical failure, or major human error that affects the normal conduct of securities transactions, in order to maintain the normal order of securities transactions and market fairness, the stock exchange may follow business rules. Take measures such as technical suspension of trading and temporary suspension of trading, and report to the securities regulatory authority of the State Council in a timely manner.

In the event of a major abnormality in the securities trading results due to the emergent events specified in the preceding paragraph, if the settlement according to the trading results will have a significant impact on the normal order of securities transactions and market fairness, the stock exchange may adopt cancellation of transactions and notify securities in accordance with business rules. The registration and settlement institution shall temporarily suspend settlement and other measures, and shall promptly report and make an announcement to the securities regulatory authority of the State Council.

The stock exchange shall not bear civil liability for losses caused by the measures it has taken in accordance with the provisions of this Article, except where there are major faults.

Article 112 Stock exchanges implement real-time monitoring of securities transactions and report on abnormal trading conditions in accordance with the requirements of the securities regulatory authority under the State Council.

The stock exchange may, in accordance with business rules, restrict transactions to investors in securities accounts that have major abnormal trading conditions in accordance with business rules, and report to the securities regulatory authority of the State Council in a timely manner.

Article 113 Stock exchanges shall strengthen the risk monitoring of securities transactions. In the event of significant abnormal fluctuations, the stock exchange may adopt measures such as restricting trading and forcibly suspending trading in accordance with business rules, and report to the securities regulatory authority of the State Council. ; If it seriously affects the stability of the securities market, the stock exchange may take measures such as temporary suspension of trading and make announcements in accordance with business rules.

The stock exchange shall not bear civil liability for losses caused by the measures it has taken in accordance with the provisions of this Article, except where there are major faults.

Article 114 A stock exchange shall draw a certain percentage of the transaction fees, membership fees, and seat fees it collects to establish a risk fund. The risk fund is managed by the board of directors of the stock exchange.

The specific proportion and use of risk fund withdrawals shall be prescribed by the securities regulatory authority under the State Council in conjunction with the financial department of the State Council.

The stock exchange shall deposit the collected risk funds into a special account of the bank where the account is opened, and shall not use it without authorization.

Article 115 Stock exchanges shall formulate listing rules, trading rules, membership management rules, and other relevant business rules in accordance with laws, administrative regulations and the provisions of the securities regulatory authority under the State Council, and report to the securities regulatory authority under the State Council for approval.

Engaging in securities trading on a stock exchange shall abide by the business rules formulated by the stock exchange in accordance with the law. Violations of business rules shall be subject to disciplinary sanctions or other self-regulatory measures by the stock exchange.

Article 116 When a person in charge of a stock exchange and other employees performs duties related to securities trading, he or she should withdraw if he has an interest in himself or his relatives.

Article 117 Transactions conducted in accordance with the transaction rules formulated in accordance with the law shall not alter the results of their transactions, except as provided for in the second paragraph of Article 111 of this Law. The civil liability to the illegal trader in the transaction shall not be exempted; the benefits obtained in the illegal trade shall be handled in accordance with relevant regulations.

Chapter VIII Securities Companies

Article 118 The establishment of a securities company shall meet the following requirements and be approved by the securities regulatory authority of the State Council:

- (1) The company's articles of association are in compliance with the laws and administrative regulations;
- (2) The major shareholders and the actual controller of the company have a good financial status and integrity records, and have no record of major violations of laws and regulations in the last three years;
- (3) Having registered capital of a company that complies with the provisions of this Law;
- (4) Directors, supervisors, senior management personnel, and employees meet the conditions stipulated in this Law;
- (5) Having a sound risk management and internal control system;

(6) Having qualified business premises, business facilities and information technology systems;

(7) Other conditions stipulated by laws, administrative regulations and the State Council's securities regulatory authority approved by the State Council.

Without the approval of the securities regulatory authority of the State Council, no unit or individual may conduct securities business activities in the name of a securities company.

Article 119 The securities regulatory authority under the State Council shall, within six months from the date of accepting the application for the establishment of a securities company, conduct an examination in accordance with statutory conditions and procedures and the principle of prudent supervision, and make a decision on approval or disapproval. The applicant shall be notified; if it is not approved, the reasons shall be stated.

Where an application for the establishment of a securities company is approved, the applicant shall apply to the company registration authority for registration of establishment and obtain a business license within the prescribed period.

A securities company shall apply to the securities regulatory authority under the State Council for a securities business license within 15 days from the date of obtaining the business license. Without obtaining a securities business license, a securities company may not engage in securities business.

Article 120 With the approval of the securities regulatory authority of the State Council and obtaining a securities business license, a securities company may conduct some or all of the following securities business:

- (1) securities brokerage;
- (2) Securities investment consultation;
- (3) financial consultants related to securities trading and securities investment activities;
- (4) securities underwriting and sponsorship;
- (5) securities financing and securities lending;
- (6) securities market making transactions;
- (7) Securities self-operation;
- (8) Other securities business.

The securities regulatory authority under the State Council shall, within three months from the date of accepting the application for the matters specified in the preceding paragraph, conduct an examination in accordance with statutory conditions and procedures, make a decision on approval or disapproval, and notify the applicant; reason.

Securities companies that engage in securities asset management business shall comply with the laws and administrative regulations such as the "Securities Investment Fund Law of the People's Republic of China".

Except for securities companies, no unit or individual may engage in securities underwriting, securities sponsorship, securities brokerage, and securities financing and securities lending business.

Securities companies engaged in securities financing and securities lending business shall take measures to strictly prevent and control risks and shall not lend funds or securities to customers in violation of regulations.

Article 121 The minimum registered capital of a securities company engaged in the business of items (1) to (3) of paragraph 1 of Article 120 of this Law is RMB 50 million;) To one of the eighth business, the minimum registered capital is 100 million yuan; for two or more of the four to four business, the minimum registered capital is 500 million yuan yuan. The registered capital of a securities company shall be paid-in capital.

The securities regulatory authority under the State Council may adjust the minimum amount of registered capital in accordance with the principle of prudent supervision and the degree of risk of various businesses, but it shall not be less than the limit specified in the preceding paragraph.

Article 122 When a securities company changes the scope of its securities business, changes its major shareholder or the actual controller of the company, and merges, splits, closes its business, dissolves, or goes bankrupt, it shall obtain approval from the securities regulatory authority under the State Council.

Article 123 The securities regulatory authority under the State Council shall make provisions on the net capital and other risk control indicators of securities companies.

A securities company shall not provide financing or guarantees to its shareholders or shareholders' affiliates except to provide margin financing and securities lending to its clients in accordance with regulations.

Article 124 The directors, supervisors and senior management personnel of a securities company shall be honest and honest, of good moral character, familiar with securities laws and administrative regulations, and possess the operational management capabilities required to perform their duties. The appointment and removal of directors, supervisors and senior management personnel of a securities company shall be reported to the securities regulatory authority under the State Council for the record.

In the circumstances specified in Article 146 of the "Company Law of the People's Republic of China" or one of the following circumstances, they shall not serve as directors, supervisors and senior management personnel of securities companies:

- (1) It has not been more than five years since the date of dismissal from a securities trading venue, a person in charge of a securities registration and settlement institution or a director, supervisor, or senior manager of a securities company who has been dismissed due to an illegal act or disciplinary act;

(2) It has not been more than five years since the day when the practice certificate was revoked or the disqualified lawyer, certified public accountant, or professional of a securities service institution was revoked due to an illegal act or disciplinary act.

Article 125 The personnel of securities companies engaged in securities business shall be of good character and possess the professional capabilities required to engage in securities business.

Employees of securities trading venues, securities companies, securities registration and settlement agencies, and securities service agencies that have been fired due to illegal acts or disciplinary acts, and staff members of state agencies that have been fired may not be recruited as employees of securities companies.

Staff members of state organs and other persons who are prohibited by the laws and administrative regulations from concurrent employment in the company shall not hold concurrent positions in securities companies.

Article 126 The State establishes a securities investor protection fund. The securities investor protection fund consists of funds paid by securities companies and other funds raised in accordance with the law. The scale of the securities investor protection fund and the specific methods for raising, managing, and using it shall be prescribed by the State Council.

Article 127 A securities company draws trading risk reserves from its annual business income to make up for losses in securities operations. The specific proportion of such withdrawals shall be prescribed by the securities regulatory authority under the State Council in conjunction with the financial department of the State Council.

Article 128 A securities company shall establish and improve its internal control system and adopt effective isolation measures to prevent conflicts of interest between the company and its customers and between different customers.

A securities company must separate its securities brokerage business, securities underwriting business, securities proprietary business, securities market making business, and securities asset management business, and may not mix operations.

Article 129 The self-operated business of a securities company must be conducted in its own name, and it must not be carried out under the name of another person or in the name of an individual.

The self-operated business of a securities company must use its own funds and funds raised in accordance with law.

Securities companies may not lend their own accounts to others.

Article 130 Securities companies shall operate prudently according to law, be diligent and responsible, and be honest and trustworthy.

The business activities of a securities company shall be compatible with its governance structure, internal control, compliance management, risk management, risk control indicators, and employee composition, and meet the requirements of prudent supervision and protection of investors' legitimate rights and interests.

Securities companies enjoy the right to operate independently according to law, and their legal operations are not subject to interference.

Article 131 The transaction settlement funds of customers of securities companies shall be deposited in commercial banks and managed by separate accounts in the name of each customer.

A securities company shall not classify the client's transaction settlement funds and securities into its own property. It is forbidden for any unit or individual to misappropriate the customer's transaction settlement funds and securities in any form. When a securities company goes bankrupt or is liquidated, the client's transaction settlement funds and securities do not belong to its bankruptcy property or liquidation property. The client's transaction settlement funds and securities shall not be sealed up, frozen, deducted or enforced unless due to the client's own debts or other circumstances prescribed by law.

Article 132 When handling a brokerage business, a securities company shall prepare a uniformly formulated power of attorney for securities trading for the use of its clients. If other entrustment methods are adopted, entrustment records must be made.

Regardless of whether or not the client's securities trading commission is concluded, its commission records shall be kept with the securities company within the prescribed period.

Article 133 When a securities company accepts an entrustment of securities trading, it shall, on the basis of the name of the securities, the number of purchases and sales, the bidding method, and the price range stated in the power of attorney, purchase and sell securities in accordance with the trading rules, and carry out the actual transaction records; , The sales transaction report shall be prepared and delivered to the customer in accordance with the regulations.

In the securities transaction, the statement confirming the transaction behavior and the transaction results must be true to ensure that the book securities balance is consistent with the actual securities held.

Article 134 When handling a brokerage business, a securities company shall not accept the full power of the client to decide on the purchase or sale of securities, the selection of securities types, the purchase or sale volume, or the purchase price.

A securities company shall not allow others to directly participate in the centralized trading of securities in the name of the securities company.

Article 135 A securities company shall not make promises on the gains or losses of securities trading from clients.

Article 136 When an employee of a securities company executes the instructions of the securities company to which he belongs or violates the trading rules by using his position during securities trading activities, the securities company to which he belongs shall bear all the liabilities.

Employees of securities companies may not accept clients' entrusted buying and selling of securities in private.

Article 137 Securities companies shall establish a customer information inquiry system to ensure that customers can query their account information, entrusted records, transaction records, and other important information related to receiving services or purchasing products.

A securities company shall properly keep customer account opening information, entrusted records, transaction records, and various information related to internal management and business operations. No one shall conceal, forge, tamper with, or damage. The retention period of the above information shall not be less than 20 years.

Article 138 Securities companies shall submit business and financial management information and materials to the securities regulatory authority under the State Council in accordance with regulations.

The securities regulatory authority under the State Council has the right to require securities companies and their major shareholders and actual controllers to provide relevant information and materials within a specified period.

The information and materials submitted or provided by securities companies and their major shareholders and actual controllers to the securities regulatory authority under the State Council must be true, accurate and complete.

Article 139 When the securities regulatory authority under the State Council deems it necessary, it may entrust an accounting firm or an asset appraisal agency to audit or evaluate the financial status, internal control status, and asset value of a securities company. The specific measures shall be formulated by the securities regulatory authority under the State Council in conjunction with the relevant competent authorities.

Article 140 If the governance structure, compliance management, and risk control indicators of a securities company do not meet the requirements, the securities regulatory authority under the State Council shall order it to make corrections within a time limit; if no correction is made within the time limit, or its actions seriously endanger the stable operation of the securities company If the client's legitimate rights and interests are damaged, the securities regulatory authority under the State Council may distinguish the situation and take the following measures against it:

- (1) Restricting business activities, ordering the suspension of some businesses and stopping the approval of new businesses;
- (2) Restricting the distribution of dividends and the payment of remuneration and benefits to directors, supervisors and senior management personnel;
- (3) restricting the transfer of property or establishing other rights on the property;
- (4) ordering the replacement of directors, supervisors, senior management personnel or restricting their rights;
- (5) Revocation of relevant business permits;
- (6) Directors, supervisors, and senior management personnel who are found to be responsible are unsuitable candidates;
- (7) Ordering responsible shareholders to transfer stock rights, restricting responsible shareholders from exercising shareholder rights.

After rectification, a securities company shall submit a report to the securities regulatory authority under the State Council. If the securities regulatory authority of the State Council has accepted the experience, the governance structure, compliance management, and risk control indicators are in compliance with the relevant provisions, the relevant restrictive measures prescribed in the preceding paragraph shall be lifted within three days from the date of completion of acceptance.

Article 141 If a shareholder of a securities company commits false capital contributions or withdraws capital contributions, the securities regulatory authority under the State Council shall order him to make corrections within a time limit and may order him to transfer the equity of the securities company he holds.

The securities regulatory authority under the State Council may restrict the rights of shareholders before the shareholders specified in the preceding paragraph correct the illegal behavior or transfer the equity of the securities company they hold as required.

Article 142 If the directors, supervisors, and senior management personnel of a securities company fail to perform their duties diligently and conscientiously, causing major illegal activities or risks to the securities company, the securities regulatory authority under the State Council may order the securities company to replace them.

Article 143 If a securities company operates illegally or if there are significant risks that seriously endanger the order of the securities market and harm the interests of investors, the securities regulatory authority under the State Council may order the securities company to suspend business for rectification, designate another institution to take custody, take over, or Revocation and other regulatory measures.

Article 144 During the period when a securities company is ordered to suspend business for rectification, designated as trusteeship, takeover or liquidation in accordance with the law, or when major risks occur, the securities regulatory authority of the State Council may approve the directors and supervisors directly responsible for the securities company. 2. Senior management and other directly responsible personnel shall take the following measures:

- (1) Notifying the exit-entry administration authorities to prevent them from leaving the country according to law;
- (2) Applying to the judicial authority to prohibit it from transferring, transferring or otherwise disposing of property, or establishing other rights on the property.

Chapter IX Securities Registration and Settlement Agency

Article 145 The securities registration and clearing institution provides centralized registration, custody and settlement services for securities transactions. It does not use profit for the purpose of registration in accordance with law and obtains the status of a legal person.

The establishment of a securities registration and settlement institution must be approved by the securities regulatory authority of the State Council.

Article 146 The establishment of a securities registration and settlement institution shall meet the following requirements:

- (1) its own funds are not less than RMB 200 million;
- (2) Having the premises and facilities necessary for securities registration, custody and settlement services;

(3) Other conditions stipulated by the securities regulatory authority under the State Council.

The name of the securities registration and clearing institution shall be marked with the words securities registration and settlement.

Article 147 The securities registration and settlement institution shall perform the following functions:

- (1) the establishment of securities accounts and settlement accounts;
- (2) Custody and transfer of securities;
- (3) registration of the register of securities holders;
- (4) liquidation and settlement of securities transactions;
- (5) entrusted by the issuer to distribute securities interests;
- (6) Handling inquiries and information services related to the above business;
- (7) Other businesses approved by the securities regulatory authority of the State Council.

Article 148 The registration and settlement of securities traded at the stock exchanges and other national securities trading venues approved by the State Council shall adopt a centralized and unified operation method across the country.

For securities other than those specified in the preceding paragraph, the registration and settlement of securities may be entrusted to a securities registration and settlement institution or other institutions that engage in securities registration and settlement business in accordance with law.

Article 149 The securities registration and settlement institution shall formulate the articles of association and business rules in accordance with the law and shall be approved by the securities regulatory authority of the State Council. Participants in the securities registration and settlement business shall abide by the business rules formulated by the securities registration and settlement institution.

Article 150 All securities traded on the stock exchange or other national securities trading venues approved by the State Council shall be deposited in the securities registration and settlement institution.

The securities registration and settlement institution shall not misappropriate the client's securities.

Article 151 The securities registration and clearing institution shall provide the securities issuer with the register of securities holders and related materials.

The securities registration and settlement institution shall, based on the results of the securities registration and settlement, confirm the fact that the securities holders hold the securities and provide the registration information of the securities holders.

The securities registration and settlement institution shall ensure that the register of securities holders and the registration and transfer records are true, accurate, and complete, and shall not be concealed, forged, tampered with, or damaged.

Article 152 The securities registration and settlement institution shall take the following measures to ensure the normal conduct of business:

- (1) Having necessary service equipment and perfect data security protection measures;
- (2) Establishing a sound management system for business, finance and security;
- (3) Establish a sound risk management system.

Article 153 The securities registration and settlement institution shall properly keep the original vouchers for registration, custody and settlement, as well as relevant documents and materials. Its shelf life shall not be less than twenty years.

Article 154 The securities registration and settlement institution shall establish a securities settlement risk fund to advance or make up for losses of the securities registration and settlement institution caused by default settlement, technical failure, operational errors, force majeure.

The securities settlement risk fund is drawn from the business income and income of the securities registration and settlement institution, and may be paid by the settlement participants in accordance with a certain percentage of the business volume of securities transactions.

The measures for the collection and management of securities settlement risk funds shall be prescribed by the securities regulatory authority under the State Council in conjunction with the financial department of the State Council.

Article 155 The securities settlement risk fund shall be deposited in a special account of a designated bank for special management.

After the securities registration and settlement institution compensates with the securities settlement risk fund, it shall seek compensation from the person responsible.

Article 156 An application for dissolution of a securities registration and settlement institution shall be approved by the securities regulatory authority of the State Council.

Article 157 When an investor entrusts a securities company to conduct securities transactions, it shall apply through the securities company to open a securities account with a securities registration and settlement institution. Securities registration and settlement institutions shall open securities accounts for investors in accordance with regulations.

Investors who apply to open an account shall hold legal documents proving the identity of citizens, legal persons and partnerships of the People's Republic of China. Except as otherwise provided by the state.

Article 158 Where a securities registration and settlement institution provides securities settlement services as a central counterparty, it shall be the common settlement and settlement counterparty of the settlement participants to perform net settlement and provide centralized performance guarantee for securities transactions.

When securities registration and settlement institutions provide net settlement services for securities transactions, they shall require settlement participants to deliver securities and funds in full and provide settlement guarantees in accordance with the principle of payment by banks.

No one shall use the securities, funds and collateral used for settlement until the settlement is completed.

If the clearing participants fail to perform their settlement obligations on time, the securities registration and clearing institution shall have the right to dispose of the property mentioned in the preceding paragraph in accordance with the business rules.

Article 159 The various settlement funds and securities received by the securities registration and settlement institution in accordance with the business rules must be deposited in a special clearing and settlement account, and can only be used for the clearing and settlement of securities transactions that have been completed in accordance with business rules. Must not be enforced.

Chapter X Securities Service Institutions

Article 160 Accounting firms, law firms, and securities service agencies engaged in securities investment consulting, asset evaluation, credit rating, financial advisory, and information technology system services shall be diligent, responsible, and perform their duties in accordance with relevant business rules for securities. Provide services for transactions and related activities.

Engaging in securities investment consulting services shall be subject to the approval of the securities regulatory authority of the State Council; no service may be provided for securities transactions and related activities without approval. To engage in other securities service business, it shall be reported to the securities regulatory authority under the State Council and the relevant competent authority under the State Council for the record.

Article 161 Securities investment consulting agencies and their employees shall not engage in the following activities in securities service business:

- (1) Acting for the principal to engage in securities investment;
- (2) It is agreed with the client to share the securities investment income or share the securities investment losses;
- (3) buying and selling securities provided by the securities investment consulting agency;
- (4) Other acts prohibited by laws and administrative regulations.

Whoever commits any of the acts listed in the preceding paragraph and causes losses to investors shall be liable for compensation in accordance with law.

Article 162 The securities service agency shall properly keep the client's entrusted documents, verification and verification materials, working papers, and information and materials related to quality control, internal management, and business operations. No one shall disclose, conceal, forge, or tamper with Or damaged. The retention period of the above-mentioned information and materials shall not be less than ten years, counting from the date when the business entrustment ends.

Article 163 Securities service agencies produce, issue audit reports and other assurance reports, asset evaluation reports, financial advisory reports, credit rating reports, or legal opinion documents for securities business activities such as securities issuance, listing, and trading. It shall be diligent and responsible to check and verify the authenticity, accuracy, and completeness of the documents and materials on which it is based. If the documents produced or issued by them contain false records, misleading statements or major omissions, causing losses to others, they shall bear joint and several liability with the client, except that they can prove that they have no fault.

Chapter XI Securities Industry Association

Article 164 The Securities Industry Association is a self-regulatory organization of the securities industry and a legal person of a social organization.

Securities companies should join the Securities Industry Association.

The authority of the Securities Industry Association is a general assembly of all members.

Article 165 The articles of association of the Securities Industry Association shall be formulated by the General Assembly and reported to the securities regulatory authority of the State Council for the record.

Article 166 The Securities Industry Association performs the following duties:

- (1) Educate and organize members and their employees to abide by securities laws and administrative regulations, organize the integrity building of the securities industry, and urge the securities industry to fulfill their social responsibilities;
- (2) to protect the legitimate rights and interests of members in accordance with the law, and to reflect the suggestions and requirements of members to the securities regulatory authority;
- (3) Supervise members to carry out investor education and protection activities, and safeguard the legitimate rights and interests of investors;
- (4) to formulate and implement self-discipline rules for the securities industry, to supervise and inspect the behavior of members and their employees, and to disciplinary actions or implement other self-discipline management measures in violation of laws, administrative regulations, self-discipline rules or the articles of association of the association;
- (5) Formulate business specifications for the securities industry and organize business training for employees;
- (6) Organizing members to conduct research on the development, operation and related contents of the securities industry, collect, sort and release securities-related information, provide member services, organize industry exchanges, and guide industry innovation and development;
- (7) mediation of securities business disputes between members, members and customers;

(8) Other duties stipulated in the articles of association of the securities industry association.

Article 167 The Securities Industry Association has a council. The members of the council are elected by the provisions of the articles of association.

Chapter XII Securities Regulatory Agency

Article 168 The securities regulatory authority under the State Council shall exercise supervision and management of the securities market in accordance with law, maintain openness, fairness, and justice in the securities market, prevent systemic risks, safeguard the legitimate rights and interests of investors, and promote the healthy development of the securities market.

Article 169 The securities regulatory authority under the State Council performs the following duties in the supervision and management of the securities market:

- (1) to formulate rules and regulations concerning the supervision and management of the securities market in accordance with the law, and to conduct examination, approval, registration and filing for the record;
- (2) to supervise and administer securities issuance, listing, trading, registration, custody, settlement, etc .;
- (3) to supervise and manage the securities business activities of securities issuers, securities companies, securities service agencies, securities trading venues, and securities registration and settlement agencies according to law;
- (4) to formulate a code of conduct for securities business personnel in accordance with the law and supervise its implementation;
- (5) Supervising and inspecting the information disclosure of securities issuance, listing and trading according to law;
- (6) Guiding and supervising the self-discipline management activities of the Securities Association in accordance with law;
- (7) Monitoring, preventing, and disposing of securities market risks according to law;
- (8) Carrying out investor education according to law;
- (9) Investigating and punishing securities violations according to law;
- (10) Other duties prescribed by laws and administrative regulations.

Article 170 The securities regulatory authority of the State Council performs its duties according to law and has the right to take the following measures:

- (1) conducting on-site inspections of securities issuers, securities companies, securities service agencies, securities trading venues, and securities registration and settlement agencies;
- (2) Entering the place where the suspected illegal act occurred to investigate and obtain evidence;
- (3) Inquiring the parties and units and individuals related to the incident under investigation, and asking them to explain the matters related to the incident under investigation; or requiring them to submit documents and materials related to the incident under investigation in a specified manner;
- (4) Inspecting and copying documents and materials such as property right registration and communication records related to the incident under investigation;
- (5) To consult and copy the securities transaction records, registration and transfer records, financial and accounting information and other relevant documents and materials of the parties and units and individuals related to the investigated events; documents and materials that may be transferred, concealed or damaged may be sealed and seized;
- (6) Querying the fund information, securities accounts, bank accounts, and other account functions of payment, escrow, and settlement functions of the parties and units and individuals related to the incident under investigation, copying relevant documents and information; Proofs have been or may be transferred or concealed the illegal assets, securities and other property involved in the case, or concealed, forged, or damaged important evidence, and may be frozen or sealed with the approval of the principal person in charge of the securities regulatory authority under the State Council or other person authorized by him, for a period of six If it needs to be extended due to special reasons, the period of each extension shall not exceed three months, and the period of freezing and sealing shall not exceed two years;
- (7) When investigating major securities violations such as securities market manipulation, insider trading, etc., with the approval of the principal person in charge of the securities regulatory authority under the State Council or other person authorized by him, the securities purchase and sale of the party under investigation may be restricted, but the time limit is limited It must not exceed three months; if the case is complicated, it can be extended for three months;
- (8) Notifying the exit-entry administration authorities to prevent the suspected offenders, the persons in charge of the suspected offending unit and other persons directly responsible from leaving the country according to law.

To prevent risks in the securities market and maintain market order, the securities regulatory authority under the State Council may take measures such as ordering corrections, supervisory talks, and issuing warning letters.

Article 171 During the investigation of a unit or individual suspected of securities violations by the securities regulatory authority of the State Council, the parties to the investigation apply in writing to promise to correct the suspected illegal behavior within the period approved by the securities regulatory authority of the State Council and compensate the relevant investment. In the event of loss, elimination of damage or adverse effects, the securities regulatory authority under the State Council may decide to suspend the investigation. If the party under investigation fulfills the commitment, the securities regulatory authority under the State Council may decide to terminate the investigation; if the party under investigation fails to fulfill the commitment or there are other circumstances prescribed by the State Council, the investigation shall be resumed. The specific measures by the State Council.

If the securities regulatory authority of the State Council decides to suspend or terminate the investigation, it shall disclose relevant information in accordance with the regulations.

Article 172 The securities regulatory authority of the State Council performs its duties and conducts supervision and inspection or investigation in accordance with the law. The number of personnel for supervision, inspection and investigation shall be no less than two, and it shall produce legal certificates and notices of supervision and inspection, investigation or other law enforcement. Instruments. Where there are fewer than two persons for supervision, inspection or investigation, or for failing to produce legal documents and notices of supervision, inspection, or other law enforcement documents, the units and individuals under inspection and investigation have the right to refuse.

Article 173 The securities regulatory authority of the State Council performs its duties in accordance with the law. The units and individuals under inspection and investigation shall cooperate and provide relevant documents and materials truthfully, and shall not refuse, obstruct or conceal them.

Article 174 The rules and regulations formulated by the securities regulatory authority under the State Council and the supervision and management system shall be made public in accordance with law.

The securities regulatory authority under the State Council shall make public its punishment decision on securities violations based on the results of the investigation.

Article 175 The securities regulatory authority under the State Council shall establish supervision and management information sharing mechanisms with other financial regulatory agencies under the State Council.

The securities regulatory authority under the State Council shall perform its duties in accordance with the law, and the relevant departments shall cooperate in the supervision and inspection or investigation.

Article 176 Any unit or individual has the right to report suspected securities illegal or illegal acts to the securities regulatory authority of the State Council.

Where the real-name reporting clues of a suspected major violation of laws or regulations have been verified, the securities regulatory authority under the State Council will reward the reporter in accordance with regulations.

The securities regulatory authority under the State Council shall keep confidential the identity information of the reporter.

Article 177 The securities regulatory authority under the State Council may establish a supervision and management cooperation mechanism with securities regulatory agencies in other countries or regions to implement cross-border supervision and management.

Overseas securities regulatory agencies may not directly conduct investigations and evidence collection activities within the territory of the People's Republic of China. Without the consent of the securities regulatory authority of the State Council and the relevant competent department of the State Council, no unit or individual may provide documents and materials related to securities business activities to overseas without authorization.

Article 178 When the securities regulatory authority of the State Council fulfills its duties in accordance with the law and discovers that a securities illegal act is suspected of a crime, it shall transfer the case to a judicial organ for handling it; if it is found that a public official is suspected of acting illegally or a duty crime, it shall be transferred to the supervisory authority for processing .

Article 179 The staff of the securities regulatory authority under the State Council must be loyal to their duties, act in accordance with the law, be impartial and honest, and must not use their positions to facilitate the acquisition of improper benefits or disclose the business secrets of the relevant units and individuals they know.

The staff of the securities regulatory authority under the State Council, during their term of office, or within the period specified in the Civil Servants Law of the People's Republic of China, shall not be employed by an enterprise or other for-profit organization directly related to the original business and shall not engage in the original business. Directly related for-profit activities.

Chapter XIII Legal Liability

Article 180 Anyone who, in violation of the provisions of Article 9 of this Law, publicly or publicly issues securities in disguise, shall be ordered to stop the issuance, return the funds raised and add the bank deposit interest for the same period, and shall be punished with an illegally raised fund amounting to more than 5% A fine of less than 50%; companies established through the issuance of securities in public or in disguised form without authorization shall be banned by institutions or departments that perform their duties of supervision and management in accordance with the law in conjunction with local people's governments at or above the county level. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 500,000 but not more than RMB 5 million shall be imposed.

Article 181 An issuer who conceals important facts or fabricates significant false content in the securities issuance documents announced by it, and has not issued securities shall be fined between 2 million and 20 million; if it has issued securities, A fine of not less than 10% of the amount of funds raised illegally shall be imposed. The person in charge directly responsible and other persons directly responsible shall be fined between one million yuan and ten million yuan.

The issuer's controlling shareholder, actual controller organization, or any person who instructs to engage in the illegal conduct of the preceding paragraph shall confiscate the illegal income and impose a fine of more than 10% or less of the illegal income; if there is no illegal income or the illegal income is less than 20 million yuan , And impose a fine ranging from 2 million yuan to 20 million yuan. The person in charge directly responsible and other persons directly responsible shall be fined between one million yuan and ten million yuan.

Article 182 Where a sponsor issues a sponsorship with false records, misleading statements or major omissions, or fails to perform other statutory duties, he shall be ordered to make corrections, given a warning, confiscate the business income, and be punished with more than double the business income If there is no business income or the business income is less than 1 million yuan, a fine of 1 million yuan to 10 million yuan shall be imposed; if the circumstances are serious, the sponsorship license shall be suspended or revoked. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 500,000 but not more than RMB 5 million shall be imposed.

Article 183 Where a securities company underwrites or sells securities that have been publicly issued or publicly issued in disguise, it shall be ordered to stop the underwriting or sales, confiscate the illegal income, and be fined from one to ten times the illegal income; there is no illegal income or If the illegal income is less than 1 million yuan, a fine of 1 million yuan to 10 million yuan shall be imposed; if the circumstances are serious, the relevant business license shall be suspended or revoked. If it causes losses to investors, it shall bear joint and several liability with the issuer. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 500,000 but not more than RMB 5 million shall be imposed.

Article 184 Where a securities company underwrites securities in violation of Article 29 of this Law, it shall be ordered to make corrections, be given a warning, confiscate the illegal income, and may be fined not less than 500,000 yuan but not more than 5 million yuan; the circumstances are serious, The relevant business license is suspended or revoked. The person in charge directly responsible and other persons directly responsible may be given a warning, and may be fined not less than 200,000 yuan but not more than 2 million yuan; if the circumstances are serious, they may be fined not less than 500,000 yuan but not more than 5 million yuan.

Article 185 Where an issuer violates the provisions of Articles 14 and 15 of this Law without authorization to change the use of the funds raised by the public offering of securities, it shall be ordered to make corrections, and shall be punished with an amount of not less than 500,000 yuan but not more than 5 million yuan. Fines; the person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 100,000 and not more than RMB 1 million shall be imposed.

Where the controlling shareholder or actual controller of the issuer engages in or organizes or instructs to engage in the illegal act of the preceding paragraph, a warning shall be given and a fine of not less than 500,000 yuan but not more than 5 million yuan shall be imposed; the person in charge directly responsible and other directly responsible persons A fine of not less than RMB 100,000 and not more than RMB 1 million shall be imposed.

Article 186 In case of violation of the provisions of Article 36 of this Law, the transfer of securities within the restricted transfer period, or the transfer of stocks that do not comply with the laws, administrative regulations and the regulations of the securities regulatory authority under the State Council, shall be ordered to correct and a warning shall be given, Illegal gains are confiscated and fines equal to or less than the equivalent of buying or selling securities are imposed.

Article 187 Persons who are prohibited by law or administrative regulations from participating in stock transactions violate the provisions of Article 40 of this Law by holding or buying or selling stocks or other equity securities directly or under a pseudonym or in the name of another person, Order to deal with illegally held stocks and other securities of equity nature according to law, confiscate illegal gains, and impose a fine below the equivalent of buying and selling securities; if they belong to state officials, they should also be punished according to law.

Article 188 Where a securities service institution and its employees trade securities in violation of the provisions of Article 42 of this Law, they shall be ordered to deal with illegally held securities, confiscate the illegal proceeds, and be punished for the sale and purchase of securities of equivalent value or less. fine.

Article 189 The directors, supervisors, senior managers, and shareholders holding more than 5% of the company's shares in listed companies, companies whose stocks are traded on other national securities trading venues approved by the State Council, violate the provisions of this Law. According to Article 44, anyone who buys or sells the company's stocks or other securities of equity nature shall be given a warning and imposed a fine of not less than 100,000 yuan but not more than 1 million yuan.

Article 190 Anyone who violates the provisions of Article 45 of this law and takes procedural transactions to affect the security of the stock exchange system or the normal order of transactions shall be ordered to make corrections and a fine of not less than 500,000 yuan but not more than 5 million yuan shall be imposed. . The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 100,000 and not more than RMB 1 million shall be imposed.

Article 191 Insiders of insider information of securities transactions or persons who illegally obtain insider information who engage in insider trading in violation of the provisions of Article 53 of this law shall be ordered to deal with illegally held securities in accordance with the law, and confiscate the illegal proceeds, and A fine of one to ten times the illegal income shall be imposed; if there is no illegal income or the illegal income is less than 500,000 yuan, a fine of 500,000 to 5 million yuan shall be imposed. Units engaging in insider trading shall also give a direct warning to the person in charge directly responsible and other directly responsible persons and impose a fine of not less than 200,000 yuan but not more than 2 million yuan. Any staff member of the securities regulatory authority under the State Council who engages in insider trading shall be given a heavier punishment.

Anyone who violates the provisions of Article 54 of this law and uses undisclosed information to conduct transactions shall be punished in accordance with the provisions of the preceding paragraph.

Article 192 Whoever manipulates the securities market in violation of the provisions of Article 55 of this Law shall be ordered to dispose of its illegally held securities in accordance with the law, confiscate the illegal income, and impose a fine of one to ten times the illegal income; If there is no illegal income or the illegal income is less than 1 million yuan, a fine of 1 million yuan to 10 million yuan shall be imposed. When a unit manipulates the securities market, it shall also warn the person in charge directly responsible and other persons directly responsible and impose a fine of not less than 500,000 yuan but not more than 5 million yuan.

Article 193 In case of violating the provisions of Paragraphs 1 and 3 of Article 56 of this Law, fabricating or disseminating false or misleading information and disrupting the securities market, the illegal income shall be confiscated and the illegal income shall be doubled. A fine of more than ten times or more; if there is no illegal income or the illegal income is less than 200,000 yuan, a fine of 200,000 yuan to 2 million yuan shall be imposed.

Violating the provisions of Article 56 (2) of this Law and making false statements or misleading information in securities trading activities shall be ordered to make corrections and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed; Sanctions should also be given in accordance with the law.

If the media and its staff engaged in the reporting of securities market information violate the provisions of Article 56 (3) of this Law and engage in securities trading that conflicts with their job responsibilities, the illegal proceeds shall be confiscated and the securities trading

equivalent or less shall be imposed. fine.

Article 194 Where a securities company and its employees violate the provisions of Article 57 of this Law and have done harm to the interests of customers, they shall be given a warning, their illegal income shall be confiscated, and their illegal income shall be doubled or doubled. Fines; if there is no illegal income or the illegal income is less than 100,000 yuan, a fine of 100,000 yuan to 1 million yuan shall be imposed; if the circumstances are serious, the relevant business license shall be suspended or revoked.

Article 195 Whoever, in violation of the provisions of Article 58 of this Law, lends his own securities account or borrows another person's securities account to engage in securities trading, shall be ordered to make corrections, given a warning, and may be fined up to 500,000 yuan.

Article 196 If the acquirer fails to perform the announcement of the acquisition of a listed company or issue the obligation to make an offer in accordance with the provisions of this law, it shall be ordered to make corrections, given a warning, and imposed a fine of 500,000 to 5 million yuan. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Where the acquirer, its controlling shareholder, or the actual controller uses the acquisition of a listed company to cause losses to the acquired company and its shareholders, it shall be liable for compensation in accordance with law.

Article 197 Where the obligor for information disclosure fails to submit a report or fulfill the obligation of information disclosure in accordance with the provisions of this Law, he shall be ordered to make corrections, given a warning, and imposed a fine of not less than 500,000 yuan but less than 5 million yuan; The responsible person in charge and other persons directly responsible shall be given a warning and imposed a fine of not less than 200,000 yuan but not more than 2 million yuan. Where the issuer's controlling shareholder, actual controller organization, instructs to engage in the above-mentioned illegal acts, or conceals the related matters and causes the above-mentioned situation, a fine of 500,000 yuan to 5 million yuan shall be imposed; the person in charge directly responsible and other direct Responsible personnel shall be fined from 200,000 yuan to 2 million yuan.

If the report submitted by the information disclosure obligor or the information disclosed contains false records, misleading statements or major omissions, it shall be ordered to make corrections, be given a warning, and be fined from one million yuan to ten million yuan; Personnel and other persons directly responsible shall be given a warning and imposed a fine of not less than 500,000 yuan but not more than 5 million yuan. Where the issuer's controlling shareholder, actual controller organization, instructs to engage in the above-mentioned illegal acts, or conceals related matters and causes the above-mentioned situation, it shall be fined from 1 million yuan to 10 million yuan; the person in charge directly responsible and other directly Responsible personnel shall be fined from 500,000 to 5 million yuan.

Article 198 If a securities company fails to fulfill the provisions of Article 88 of this law or fails to perform the investor's appropriate management obligations, it shall be ordered to make corrections, given a warning, and imposed a punishment of RMB 100,000 to RMB 1 million The following fines. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of less than 200,000 yuan shall be imposed.

Article 199 Whoever solicits shareholders' rights in violation of the provisions of Article 90 of this Law shall be ordered to make corrections, given a warning, and may be fined up to 500,000 yuan.

Article 200 The illegal establishment of securities trading venues shall be banned by the people's governments at or above the county level, the illegal proceeds shall be confiscated, and a fine of more than one to ten times the illegal proceeds shall be imposed; A fine ranging from one million yuan to ten million yuan shall be imposed. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

If a stock exchange violates the provisions of Article 105 of this law and allows non-members to directly participate in the centralized trading of stocks, it shall be ordered to make corrections and may be fined up to 500,000 yuan.

Article 201 If a securities company violates the provisions of paragraph 1 of Article 107 of this law and fails to verify the identity information provided by the investor to open an account, it shall be ordered to make corrections, be given a warning, and be punished by more than 50,000 yuan. A fine of less than 500,000 yuan. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of less than 100,000 yuan shall be imposed.

A securities company that violates the provisions of paragraph 2 of Article 107 of this law and provides investors' accounts to others for use shall be ordered to make corrections, given a warning, and imposed a fine of not less than 100,000 yuan but less than 1 million yuan. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of less than 200,000 yuan shall be imposed.

Article 202 In violation of the provisions of Article 118, Article 120, Paragraphs 1 and 4 of this Law, the establishment of a securities company, the illegal operation of securities business, or the name of a securities company without approval Those who carry out securities business activities shall be ordered to make corrections, confiscate the illegal income, and be fined from one to ten times the illegal income; if there is no illegal income or the illegal income is less than one million yuan, the fine shall be one million to ten million Fine. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed. Securities companies established without authorization shall be banned by the securities regulatory authority under the State Council.

If a securities company provides securities financing and securities lending services in violation of Article 120, paragraph 5, of this law, the illegal proceeds shall be confiscated and a fine equal to or less than the value of securities and securities lending shall be imposed; if the circumstances are serious, it shall be prohibited to engage in securities within a certain period Margin financing and securities lending business. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Article 203 Where false certification documents are submitted or other fraudulent means are used to defraud a securities company for establishment permission, business permission, or approval of changes in major matters, the relevant permission shall be revoked and a fine ranging from one million

yuan to ten million yuan shall be imposed. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Article 204 Where a securities company violates the provisions of Article 122 of this law, changes the scope of securities business without approval, changes the main shareholder or the actual controller of the company, and merges, splits, suspends business, dissolves, or goes bankrupt, Order correction, give a warning, confiscate the illegal income, and impose a fine of more than one to ten times the illegal income; if there is no illegal income or the illegal income is less than 500,000 yuan, a fine of 500,000 to 5 million yuan shall be imposed; If the circumstances are serious, the relevant business license shall be revoked. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Article 205 If a securities company violates the provisions of Paragraph 2 of Article 123 of this Law and provides financing or guarantees to its shareholders or shareholders' affiliates, it shall be ordered to make corrections, be given a warning, and be fined 500,000 yuan. A fine of more than five million yuan. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 100,000 and not more than RMB 1 million shall be imposed. If a shareholder is at fault, the securities regulatory authority under the State Council may restrict his shareholders' rights before making corrections in accordance with the requirements; if he fails to make corrections, he may be ordered to transfer the equity of the securities company he holds.

Article 206 If a securities company violates Article 128 of this law, fails to take effective isolation measures to prevent conflicts of interest, or fails to handle related businesses or mixed operations separately, it shall be ordered to make corrections, given a warning, and confiscate the illegal proceeds A fine of more than one to ten times the illegal income; if there is no illegal income or the illegal income is less than 500,000 yuan, a fine of 500,000 to 5 million yuan shall be imposed; if the circumstances are serious, the related business shall be cancelled license. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Article 207 If a securities company engages in securities self-employment business in violation of the provisions of Article 129 of this Law, it shall be ordered to make corrections, be given a warning, confiscate the illegal income, and be fined from one to ten times the illegal income; If there is no illegal income or the illegal income is less than 500,000 yuan, a fine of 500,000 yuan to 5 million yuan shall be imposed; if the circumstances are serious, the relevant business license shall be revoked or ordered to close. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Article 208 Whoever violates the provisions of Article 131 of this Law and classifies the client's funds and securities into his own property or misappropriates the client's funds and securities shall be ordered to make corrections, given a warning, and confiscate the illegal income, A fine of one to ten times the illegal income shall be imposed concurrently; if there is no illegal income or the illegal income is less than one million yuan, a fine of one million to ten million yuan shall be imposed; if the circumstances are serious, the relevant business license shall be revoked Or ordered to shut down. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 500,000 but not more than RMB 5 million shall be imposed.

Article 209 Where a securities company violates the provisions of Article 134, Paragraph 1 of this Law by accepting the client's discretionary purchase and sale of securities, or violates the provisions of Article 135 of this Law, the proceeds of the Client or Those who promise to compensate customers for their losses shall be ordered to make corrections, give warnings, confiscate the illegal income, and impose a fine of more than one to ten times the illegal income; if there is no illegal income or the illegal income is less than 500,000 yuan, 500,000 yuan or more shall be imposed A fine of less than 5 million yuan; if the circumstances are serious, the relevant business license shall be revoked. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

A securities company that violates the provisions of Paragraph 2 of Article 134 of this Law and allows others to directly participate in the centralized trading of securities in the name of the securities company shall be ordered to make corrections and may also be fined up to 500,000 yuan.

Article 210 Employees of securities companies who, in violation of the provisions of Article 136 of this Law, accept client's entrusted buying and selling of securities in private, shall be ordered to make corrections, be given a warning, confiscate the illegal income, and be punished with more than double the illegal income. A fine of up to 50 times; if there is no illegal income, a fine of up to 500,000 yuan shall be imposed.

Article 211 Securities companies, their major shareholders, and actual controllers violate the provisions of Article 138 of this law, fail to report or provide information or materials, or the information and materials submitted or provided are false. Those who make records, misleading statements or major omissions shall be ordered to make corrections, given warnings, and imposed a fine of less than one million yuan; if the circumstances are serious, the relevant business license shall be revoked. The person in charge directly responsible and other persons directly responsible shall be given a warning and imposed a fine of less than 500,000 yuan.

Article 212 If a securities registration and settlement institution is set up in violation of the provisions of Article 145 of this Law, the securities regulatory authority of the State Council shall ban it, confiscate the illegal income, and impose more than 10 times the illegal income. The following fines; if there is no illegal income or the illegal income is less than 500,000 yuan, a fine of 500,000 yuan to 5 million yuan shall be imposed. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Article 213 Where a securities investment consulting agency violates the provisions of Article 160, Paragraph 2 of this Law, or engages in securities service business without authorization, or engages in securities service business and conducts the acts specified in Article 161 of this Law, Order to correct, confiscate the illegal income, and impose a fine of more than one to ten times the illegal income; if there is no illegal income or the illegal income is less than 500,000 yuan, a fine of 500,000 to 5 million yuan shall be imposed. The person in charge directly responsible and other persons who are directly responsible shall be given a warning and fined 200,000 to 2 million yuan.

Accounting firms, law firms, and institutions engaged in asset valuation, credit rating, financial advisory, and information technology system services who violate the provisions of Article 160, paragraph 2, of this law and engage in securities service business have not been filed for record, shall be ordered to correct May be fined up to 200,000 yuan.

Where a securities service institution violates Article 163 of this Law and fails to perform its duties diligently, if the documents produced or issued have false records, misleading statements, or major omissions, they shall be ordered to make corrections, confiscate business income, and impose business income. If the fine is more than ten times and less than ten times and there is no business income or the business income is less than 500,000 yuan, a fine of 500,000 yuan to 5 million yuan shall be imposed; if the circumstances are serious, the securities service business shall be suspended or prohibited. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than 200,000 yuan but not more than 2 million yuan shall be imposed.

Article 214 If the issuer, securities registration and clearing institution, securities company, and securities service institution fails to keep relevant documents and materials in accordance with regulations, it shall be ordered to make corrections, given a warning, and imposed a fine ranging from 100,000 yuan to 1 million yuan. ; Leakage, concealment, forgery, tampering or damage of relevant documents and materials shall be given a warning and a fine of 200,000 yuan to 2 million yuan shall be imposed; if the circumstances are serious, 500,000 yuan to 5 million yuan shall be imposed. Fines shall be imposed and suspension, revocation of related business licenses or prohibition of related business shall be imposed. The person in charge directly responsible and other persons directly responsible shall be given a warning and a fine of not less than RMB 100,000 and not more than RMB 1 million shall be imposed.

Article 215 The securities regulatory authority of the State Council shall, in accordance with the law, include the compliance of relevant market entities with this law in the securities market integrity files.

Article 216 If the securities regulatory authority under the State Council or a department authorized by the State Council has any of the following circumstances, the person in charge directly responsible and other persons directly responsible shall be punished according to law:

- (1) Approving, registering, or approving applications for issuing securities or establishing securities companies that do not comply with the provisions of this Law;
- (2) Taking measures such as on-site inspection, investigation and evidence collection, inquiry, freezing, or sealing up in violation of the provisions of this Law;
- (3) adopting supervision and management measures against relevant agencies and personnel in violation of the provisions of this Law;
- (4) Administrative penalties imposed on relevant institutions and personnel in violation of the provisions of this Law;
- (5) Other acts that do not perform their duties according to law.

Article 217 Staff members of the securities regulatory authority of the State Council or the department authorized by the State Council fail to perform their duties as prescribed in this Law, abuse their powers, neglect their duties, use their positions to facilitate improper gains, or disclose known relevant units and For personal trade secrets, legal liabilities shall be investigated in accordance with the law.

Article 218 The securities supervision and management agency that refuses or obstructs its supervision and inspection and investigation functions according to law shall be ordered to make corrections by the securities supervision and administration agency, and shall be fined from 100,000 yuan to 1 million yuan, and shall be fined by the public security The authorities shall impose penalties on public security management according to law.

Article 219 Whoever violates the provisions of this law and constitutes a crime shall be investigated for criminal responsibility in accordance with the law.

Article 220 In case of violation of the provisions of this Law, civil liability and the payment of fines, penalties, and illegal income shall be borne, and if the property of the offender is not sufficient to pay, the civil liability for compensation shall be used in priority.

Article 221 If the circumstances are serious in violation of laws, administrative regulations or the relevant regulations of the securities regulatory authority of the State Council, the securities regulatory authority of the State Council may adopt measures for prohibition of access to the securities market for persons responsible.

The forbidden access to the securities market referred to in the preceding paragraph means that it is not allowed to engage in securities business or securities service business for a certain period of time, or to serve as a director, supervisor, or senior manager of a securities issuer, or that it is not allowed to be on a stock exchange, A system for trading securities in other national securities trading venues approved by the State Council.

Article 222 All the fines and illegal income confiscated in accordance with this Law shall be turned over to the State Treasury.

Article 223 If the parties are not satisfied with the punishment decision of the securities regulatory authority or the department authorized by the State Council, they may apply for administrative reconsideration in accordance with the law or directly bring a lawsuit in a people's court.

Chapter XIV Supplementary Provisions

Article 224 Domestic enterprises that issue securities directly or indirectly overseas or list and trade their securities overseas shall comply with the relevant regulations of the State Council.

Article 225 For the subscription and trading of shares of domestic companies in foreign currencies, specific measures shall be formulated separately by the State Council.

Article 226 This Law shall enter into force on March 1, 2020.

Chief Editor: Zhu Jian

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