

**Interim Management Rules of the Shanghai Stock Exchange  
for Overseas Special members**

**(2002)**

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# Interim Management Rules of the Shanghai Stock Exchange for Overseas Special members

## Chapter I General Provisions

**Article 1** These *Interim Management Rules* are formulated in accordance with Article 41 of the *Measures for the Administration of Stock Exchanges* to regulate the applications of the China-based representative offices of overseas securities institutions for being admitted as overseas special members of the Shanghai Stock Exchange (the “SSE”) and strengthen the management of overseas special members (“special members”).

**Article 2** The eligible representative office of an overseas securities institution in China (“representative office”) may, after its application for special membership is approved by the SSE, be admitted as a special member of the SSE.

**Article 3** The SSE will supervise and manage its special members in accordance with the applicable laws, regulations, and ministry-level rules of China as well as the *Constitution* and rules of the SSE.

**Article 4** If an overseas securities institution has more than one representative offices in China, it shall choose one of them as the applicant for the special membership of the SSE.

If the overseas securities institution has a general representative office in China, it shall have the general representative office apply to become a special member of the SSE.

## Chapter II Application for Special Membership

**Article 5** To apply to be admitted as a special member of the SSE, a representative office shall:

- (1) have been legally established for at least 1 year;
- (2) agree to be bound by the *Constitution* and business rules of the SSE and accept the supervision of the SSE;
- (3) has an overseas parent securities institution which is experienced in international securities business and has good creditworthiness and operating results; and
- (4) ensure that it and its parent overseas securities institution have not been sanctioned by the competent authority for any material violation of laws or regulations in the most recent year.

**Article 6** To apply to become a special member of the SSE, a representative office shall submit to the SSE:

- (1) a power of attorney issued by its overseas parent securities institution, in which representative office is agreed to serve as the applicant;

- (2) a written application signed by the chief or general representative of the representative office;
- (3) a certificate of approval for its establishment issued by the China Securities Regulatory Commission (CSRC);
- (4) a business license (a photocopy thereof) or a certificate of lawful business operations issued by the competent authority of the country or region in which such overseas securities institution is located;
- (5) the articles of association of such overseas securities institution;
- (6) a letter of undertaking issued by such overseas securities institution to be legally responsible for relevant activities conducted by the representative office as a special member; and
- (7) other documents required by the SSE.

Any of the above documents, if prepared in a foreign language, shall be accompanied by a Chinese translation; in the event of any discrepancy between the two versions, the Chinese version shall prevail.

**Article 7** After accepting the above-mentioned application documents, the SSE will send to the applicant a formal application form and a basic information form for the applicant's overseas parent securities institution. The applicant shall, within 1 month upon receiving such forms, complete and return them to the SSE.

**Article 8** The SSE will, within 3 months after receiving the above completed forms from the applicant, decide whether to approve the applicant's application.

The SSE will, if approving the application, issue an approval to the applicant; and if disapproving the application, explain the reason therefor and return the application documents.

**Article 9** A special member shall designate its chief representative or any other representative as the contact person responsible for liaising with the SSE and handling relevant matters between the special member or its overseas parent securities institution represented and the SSE.

### **Chapter III Rights and Obligations**

**Article 10** A special member shall have the right to:

- (1) attend the General Assembly of the SSE as a non-voting member;
- (2) propose relevant suggestions to the SSE; and

(3) accept relevant services provided by the SSE.

The special member is not entitled to any rights of the SSE's members other than those described above.

**Article 11** A special member shall have the obligation to:

(1) abide by the applicable laws and regulations of China as well as the *Constitution*, rules and other relevant requirements of the SSE and implement the resolutions of the SSE;

(2) accept annual and temporary inspections by the SSE and submit annual work reports and other reports on major changes;

(3) timely conduct coordination and liaison with respect to the SSE-related business and matters of its overseas parent securities institution;

(4) pay its membership fee and related fees as required by the SSE; and

(5) do other related things as prescribed by the SSE.

For the membership fee and related fees, the rates, amount, and coverage shall be prescribed and adjusted by the Board of Governors of the SSE.

**Article 12** Upon the occurrence of any of the following material events to its overseas parent securities institution, a special member shall, within 2 working days after such overseas securities institution publishes an announcement or makes a decision on such event, report the event in writing to the SSE:

(1) There is any change in the overseas securities institution's articles of association, registered capital or registered office;

(2) The overseas securities institution is liquidated, canceled or combined, or there is a change in its main leadership members;

(3) The overseas securities institution sustains a heavy operating loss;

(4) The overseas securities institution is sanctioned by the competent authority or its industry association for any violation of laws or regulations; or

(5) The overseas securities institution makes a decision to close its representative office in China or withdraw from the SSE.

**Article 13** A special member shall, within 5 working days upon the occurrence of any of the material events, report the event in writing to the SSE together with a photocopy of documents related thereto:

- (1) There is a change in its registered office;
- (2) There is a change in its chief representative, deputy representative or contact person;
- (3) It is changed into the general representative office;
- (4) It is sanctioned by the competent authority for any violation of laws or regulations.

#### **Chapter IV Management and Sanctions**

**Article 14** A special member may apply for terminating its membership by submitting to the SSE:

- (1) a written decision, issued by its overseas parent securities institution, to terminate its special membership from; and
- (2) a written application, signed by its chief or general representative, for terminating its special membership;

Any of the above documents, if prepared in a foreign language, shall be accompanied by a Chinese translation.

**Article 15** After the application described in Article 16 is reviewed and approved by the SSE, the membership of the special member shall be immediately terminated.

**Article 16** If a special member violates applicable laws or regulations, or the *Constitution*, rules or other requirements of the SSE, the SSE may order it to make corrections and, depending on the severity of the violation, impose one or more of the following sanctions against it:

- (1) Giving a warning;
- (2) Circulating a notice of criticism among the members;
- (3) Giving a public censure in the media designated by the CSRC; or
- (4) Revoking membership.

**Article 17** The SSE may revoke the membership of a special member if:

- (1) it is sanctioned by the competent authority due to any material violation of laws or regulations;

(2) it defaults, for more than half a year, in the payment of the payable fees required by the SSE;

(3) it is considered as unqualified during periodic inspections within two consecutive years;

(4) it fails to implement the relevant resolutions of the SSE or fulfill the obligation to report relevant matters and, after being urged by the SSE to do so, refuses to do so; or

(5) its overseas parent securities institution represented is bankrupt, liquidated or combined.

**Article 18** If a special member disagrees with the sanction decision of the SSE as described in Article 17, it may, within 15 days upon receiving the notice of such sanction decision, apply to the Board of Governors of the SSE for a review thereof, pending which the sanction decision shall continue to be enforced.

## **Chapter V Supplementary Provisions**

**Article 19** Matters related to the applications of representative offices for special membership shall be governed by these *Interim Management Rules* until relevant amendments are made to the Constitution of the SSE; and shall be governed by the Constitution of the SSE after such relevant amendments are made thereto.

**Article 20** These *Interim Management Rules* shall come into force upon being adopted by the Board of Governors of the SSE and approved the CSRC.

**Article 21** The SSE shall reserve the right to interpret these *Interim Management Rules*.

**Article 22** These *Interim Management Rules* shall be implemented as of the date of issuance.