

# Order of China Securities Regulatory Commission

No. 33

The Provisions on Banning the Entry into the Securities Market adopted at the 173rd president's meeting of China Securities Regulatory Commission on March 7, 2006, are hereby promulgated and shall enter into effect as of the day of July 10, 2006.

President of China Securities Regulatory Commission, Shang Fulin  
June 7, 2006

## Provisions on Banning the Entry into the Securities Market

**Article 1** For the purpose of maintaining the order of the securities market, protecting the legitimate rights and interests of investors as well as the public interest, and promoting the sound and stable development of the securities market, these Provisions are formulated in light of such laws and administrative regulations as the Securities Law of the People's Republic of China.

**Article 2** China Securities Regulatory Commission (hereinafter referred to as CSRC) shall adopt relative measures for banning the entry into the securities market against the relevant liable persons who have violated the relative laws, administrative regulations or the relative provisions of CSRC, and shall be in light of the factual basis as well as be subject to the principles of openness, impartiality and fairness.

**Article 3** If the following personnel violate the provisions of the relative laws, administrative regulations or relative provisions of CSRC with serious circumstances, CSRC may adopt measures for banning the entry into the securities market in accordance with the actual circumstances:

(1) The directors, supervisors or senior managers of an issuer or a listed company, other information disclosure obligator, or directors, supervisors or senior managers of other information disclosure obligator;

(2) The controlling shareholders or actual controllers, the directors, supervisors or senior managers of the controlling shareholders or actual controllers of an issuer or a listed company;

(3) The directors, supervisors or senior managers of a securities company and the principals of its internal business departments, principals of the branches or sub-branches as well as other securities practitioners;

(4) The controlling shareholders or actual controllers or the directors, supervisors or senior managers of the controlling shareholders or actual controllers of a securities company;

(5) Securities service practitioners such as the directors, supervisors and senior managers of a securities trading service institution, actual controllers of a securities trading service institution or directors, supervisors and senior managers of the actual controllers of a securities trading service institution;

(6) The directors, supervisors and senior managers of a securities investment fund manager or a securities investment fund trustee, or the persons in charge of internal business departments and branches thereof, or other securities investment funds practitioners; and

(7) Other liable persons deemed by CSRC as having violated relative laws,

administrative regulations or provisions of CSRC.

**Article 4** The person who is subject to the measures for banning the entry into the securities market shall, during the period of the ban, not continue his securities practice in the original organization where he has worked, and he shall neither continue to hold the post of director, supervisor or senior manager of the original listing company where he has worked, nor engage in the securities practice in any other organization or hold the post of director, supervisor or senior manager thereof.

The person who is subject to the measures for banning the entry into the securities market shall stop engaging in any securities practice or performing his functions and duties as a director, supervisor or senior manager of a listing company immediately after receiving a decision from CSRC on banning the entry into the securities market, and the organization he works for shall dismiss him from his post in light of prescribed formalities.

**Article 5** The relative liable persons who violate relative laws, administrative regulations or the relative provisions of CSRC with serious circumstances, may be given a ban of 3 to 5 years to enter into the securities market. The relevant liable persons who have any adverse act, seriously disturb the order of the securities market, seriously damage the interest of investors or play a major role in a serious law-breaking activity, may be given a ban of 5 to 10 years to enter the securities market. Under any of the circumstances as follows, the relevant liable persons may be given a ban of lifetime to enter the securities market for:

(1) Violating the relative laws, administrative regulations or the relative provisions of CSRC seriously, and thereby a crime has been constituted;

(2) Violating the relative laws, administrative regulations or the relative provisions of CSRC and the acts are particularly adverse, seriously disturbing the order of the securities market and thus incurring serious social impacts, or incurring particularly serious damage to the interest of investors;

(3) Organizing, masterminding, leading or carrying out the activity in violation of the relative laws, administrative regulations or the relative provisions of CSRC; or

(4) Other act in violation of the laws, administrative regulations or the relative provisions of CSRC with serious circumstances.

**Article 6** If the person violates the any of the laws, administrative regulations or the relative provisions of CSRC with serious circumstances, the liable persons may be separately given the ban of the entry into the securities market and the administrative sanctions may be concurrently given thereto according to law. If the suspected crime is involved, it shall be transferred to the public security organ or the people's procuratorate according to law, and a ban from the entry into the securities market may be simultaneously imposed thereupon.

**Article 7** The relevant liable person may be given a light, mitigated or exempted ban from entry into the securities market under any of the circumstances as follows:

(1) Voluntarily eliminating or mitigating the negative aftermath of his law-breaking acts;

(2) Cooperating in the investigation into his law-breaking acts and having made meritorious contributions;

(3) Being instigated or coerced by any other person in committing the law-breaking acts and voluntarily confessing his law-breaking act; or

(4) Other circumstances under which the measures for banning the entry into the securities market may be mitigated or exempted.

**Article 8** The secondarily liable person may be given a light, mitigated measure or

be exempted from the measures for banning the entry into the securities market, by referring to those imposed upon the firstly liable person, if the persons collude in violation of the relative laws, administrative regulations or the provisions of CSRC with serious circumstances and if the measures for banning the entry into the securities market are needed.

**Article 9** Before adopting the measures for banning the entry into the securities market, CSRC shall inform the parties concerned of the facts, reasons and basis for adopting the measures for banning the entry into the securities market and notify them of the rights of statement, averment as well as requesting for hearings.

**Article 10** The measures for banning the entry into the securities market shall be revoked or altered according to law, if the person is given a ban of the entry into the securities market or is considered as guilty for the same law-breaking act at the same time and is thus given an administrative punishment, and if the conviction of his crime or decision on administrative sanction is revoked or altered according to law, thereby, working on the factual basis or the legality or appropriateness regarding the measures for banning the entry into the securities market,.

**Article 11** If the person is given a ban of the entry into the securities market by CSRC, CSRC shall promulgate it to the general public through its website or designated media, and record it into the credit archives of persons banned from entering into the securities market.

**Article 12** If CSRC announces the individual or the directly liable person of an entity is the one that is banned from entering into the futures market, it shall be dealt with in light of these Provisions.

**Article 13** These Provisions shall enter into effect as of the day of July 10, 2006. The Interim Provisions on Banning the Entry into the Securities Market (Zheng Jian [1997] No. 7) as promulgated by CSRC on March 3, 1997 shall be repealed at the same time.