

#### Securities Companies Must Appoint a Compliance Director

Chinese version The China Securities Regulatory Commission (CSRC) is expected to require the securities companies to compile and implement the compliance administration systems that will cover all businesses, departments and personnel and will be adopted in various procedures such as decision-making, implementation, supervision and feedback. They are also required to instruct compliance directors.

The regulatory authorities consider strengthening the risk supervision of the securities companies after the release of the Provisions of Supervision and Administration of Securities Companies. The CSRC released on May 14, 2008 the Trial Provisions on the Compliance Management of Securities Companies (Draft for Comment) for public comment. The public-input process is scheduled to conclude on May 23.

The Draft stipulated the securities companies must establish, based on their actual circumstances, compliance departments responsible for the compliance management. Besides, the securities companies must appoint a compliance director, who must be responsible for the examination, supervision and inspection of the legitimacy and compliance of the operation management and practice conducted by the companies and their personnel. The compliance director must conduct the compliance examination on the internal management systems, major decisions and the plans for new products and businesses, and provide their opinions on the compliance examination.

(Source: China Securities Regulatory Commission)

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