

#### **Shareholders of Securities Companies must Promise a Shareholding Term**

Chinese version The China Securities Regulatory Commission (CSRC) released on July 19 two guidelines, specifying the requirements on the shareholding terms of securities companies which expand their shares or modify their shareholders and actual controllers holding over 5% of the equities of the companies. Under different circumstances, they must promise to hold the stocks for about three to five years.

According to the Securities Company Administrative Licensing Examination and Verification Guidelines No.10—Requirements on the Examination and Approval of Investment Increase and Share Expansion and Modification of Shareholders and Actual Controllers Holding over 5% of Equities of Securities Companies, for the securities companies that have major shareholders or actual controllers, if their major shareholders or actual controllers increase investment or accept equities, they shall promise not to transfer their equities within 60 months since the day of the holding, and other shareholders must promise not to transfer their equities within 36 months since the day of holding. For those without major shareholders or actual controllers, their shareholders must promise not to transfer their equities within 48 months since the day of shareholding.

According to the Guidelines for Record Filing of Securities Companies for the Modification of Shareholders Holding Less than 5% of Shares, when securities companies change their shareholders holding less than 5% of shares, they must file related documents with local registration securities bureaus in advance. The bureaus then will review the documents by referring to the aforementioned examination and verification requirements, focusing on the share participation of the parties accepting the shares and related work done by the securities companies.

(Source: China Securities Journal)

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