

Rule to achieve transparency

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BEIJING, June 30 -- A regulation to force companies in the Chinese mainland to be more transparent in their internal dealings will be enforced from July next year.

The new rule was issued in a bid to further strengthen corporate management among listed companies and assist companies to go global.

Jointly issued by the Ministry of Finance, the China Securities Regulatory Commission, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission, the regulation demanded listed companies conduct self-evaluation about its internal control, disclose annual evaluation report and employ qualified agencies to audit the effectiveness of the control.

The rule will be effective on July 1 next year for listed companies.

Regulators also encouraged non-public companies to follow the rule.

The rule said internal control is a process carried out by directors, board members, managers and other staff. It aims to guarantee the legitimate corporate management, asset safety and authenticity of information disclosure, and raise the efficiency of management to disclose a company's strategic development.

The rule requires Chinese listed companies to establish a healthy internal corporate environment, conduct risk evaluation, fortify control over the internal activities, strengthen internal communication and reinforce internal supervision.

Vice Finance Minister Wang Jun said regulators will take measures to reduce costs for companies to follow the rule.

He also said the rule is in line with international standards and could help domestic companies to go global.

Regulators have revved up efforts to improve corporate management recently by rolling out new rules and regulations, in a bid to perfect the infrastructure and bolster the performance of the stock market.

(Source: Shanghai Daily)

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