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# **Decree of the State Council of the People's Republic of China**

No. 722

The Regulations on Improving the Business Environment, adopted at the 66th Executive Meeting of the State Council on October 8, 2019, are hereby promulgated and shall be effective as of January 1, 2020)

Premier, **Li Keqiang**

October 22, 2019

## **Regulations on Improving the Business Environment**

### **Chapter I**

#### **General Provisions**

**Article 1** These Regulations are formulated in order to improve the business environment, steadily unleash and develop social productivity, accelerate the building of a modernized economic system, and promote high-quality development.

**Article 2** The term “business environment” used in these Regulations refers to the factors and conditions in the nature of systems and mechanisms that market entities like enterprises are involved in their market economic activities.

**Article 3** The State shall continue to deepen reforms in streamlining administration, delegating power, combining power delegation with administrative regulation, and upgrading services, it shall see that the government makes maximum reductions to its direct allocation of market resources and to its direct intervention in market activities, and tightens and standardizes oversight during the course of and after such activities, while focusing on improving the capability and raising the level of government services and bringing down regulatory transaction costs in real earnest in order to stimulate market vitality and social creativity to a greater extent and enhance the driving force for development.

People’s governments at all levels and their departments shall keep government affairs open and transparent, making sure that openness is the norm and non-openness the exception, and promote all-round openness in decision making, implementation, administration, services and results.

**Article 4** In improving of the business environment, the principles of marketization, rule of law and internationalization shall be adhered to. Oriented by the

needs of market entities and centered on in-depth transformation of government functions, efforts shall be made to create new systems and mechanisms, strengthen cooperation and joint action, improve the rule of law as safeguard and meet the advanced international standards, in order to create a stable, fair, transparent and predictable environment favourable for all types of market entities to invest and embark on business startups.

**Article 5** The State shall expedite the establishment of a modern market system that is unified, open, competitive and coherent, promote the free flow of all types of production factors in accordance with law, and ensure that all types of market entities participate in fair competition on the market.

**Article 6** The State shall encourage, support, and guide the development of the non-public sector of the economy and stimulate its vitality and creativity.

The State shall open further to the outside world, actively promote foreign investment, and treat all types of market entities equally including domestic-funded and foreign-invested enterprises.

**Article 7** People's governments at all levels shall strengthen organization and leadership in their efforts to improve the business environment, and shall improve their policies and measures in this respect, establish sound mechanisms for promotion and acceleration of all-round improvement of the business environment and in a timely manner, coordinate efforts to tackle major issues in this work.

The relevant departments of people's governments at or above the county level shall, in compliance with the division of responsibilities, make a success of the work related to improvement of the business environment. The said people's governments may, in light of actual conditions, designate specific departments to take charge of the work for improvement of the business environment.

The State shall encourage and support all local authorities and government

departments to take actual conditions into consideration in their active efforts to explore specific pioneering and diversified measures for improving the business environment within the framework of the rule of law. If mistakes or errors occur in the course of exploration, which are in accordance with the prescribed conditions, liability may be exempted or mitigated.

**Article 8** The State shall set up a sound system for evaluation of the business environment which is oriented around the satisfaction felt by market entities and the public, thus to give play to the role of business environment evaluation as the guide and drive for the efforts to improve the business environment.

Business environment evaluation shall not affect the normal work of local authorities and government departments, and shall not affect normal production and operation activities of market entities or increase burdens on them.

No entity shall make use of business environment evaluation to seek benefits.

**Article 9** Market entities shall observe laws and regulations, preserve social morality and live up to business ethics, and they shall be honest and trustworthy, conduct fair competition, and fulfill their legal obligations in terms of safety, quality, protection of workers' rights and interests and protection of consumers' rights and interests, and follow international rules in international economic and trade activities.

## **Chapter II**

### **Protection of Market Entities**

**Article 10** The State upholds equality of rights, equality of opportunities and equality of rules and ensures that economic entities under all forms of ownership are equally protected by law.

**Article 11** Market entities shall have right to make their own decisions on

operation in accordance with law. No entity or individual shall intervene in any matter on which, according to law, market entities are entitled to make their own decisions.

**Article 12** The State shall ensure that all types of market entities use, on an equal footing, and in accordance with law, all kinds of production factors and resources of public service, including funds, technologies, human resources, land-use right and other natural resources.

State policies in support of development are applicable to all types of market entities equally in accordance with law. Governments and relevant government departments shall, in accordance with law, treat all types of market entities equally in matters of policies governing allocation of government funds, land supply, reduction and exemption of taxes and charges, qualification licenses, setting of standards, project declarations, evaluation of professional titles and human resources policies, and shall not formulate or implement discriminating policies and measures.

**Article 13** Public bidding and government procurement shall be open, transparent, fair and impartial, and market entities under all types of ownership and in different regions shall be treated equally in accordance with law, and no person shall restrict or exclude them in the name of irrational conditions or out of prejudice against the source or origin of products.

Relevant government departments shall tighten oversight of public bidding and government procurement and shall, in accordance with law, put right and investigate and punish violations of laws and regulations.

**Article 14** The State shall, in accordance with law, protect the property rights and other lawful rights and interests of market entities, as well as the safety of person and property of business operators.

It is strictly forbidden to impose compulsory administrative measures such as sealing

up, freezing and seizing of the property of market entities or the private property of business operators in violation of the statutory powers, requirement or procedures. Where it is definitely necessary to impose the aforementioned measures according to law, such imposition shall be limited to the scope necessitated.

It is forbidden to assign market entities to provide financial, material, or human resources in addition to what is stipulated by laws and regulations. Market entities have the right to reject such assignment of any form.

**Article 15** The State shall establish a system of punitive compensation for intellectual property infringements, promote the establishment of a mechanism for quick and concerted protection of intellectual property rights, and improve the mechanism for multiple disputes resolution in this respect and the aid mechanism for protection of intellectual property rights, in order to increase protection of such rights.

The State shall continue to deepen reforms for the convenience of trademark registration and patent application, in order to increase the efficiency of trademark registration and patent application.

**Article 16** The State shall strengthen protection of the rights and interests of small and medium-sized investors, improve the mechanism for such protection, safeguard their right to know and their right to participate, and extend greater convenience to them in their efforts to safeguard their legitimate rights and interests.

**Article 17** Unless laws and regulations stipulate otherwise, market entities have the right to decide for themselves whether to join or withdraw from public organizations such as associations of industries, chambers of commerce or other, and no entity or individual shall intervene.

Unless laws and regulations stipulate otherwise, no entity or individual shall compel, or do so in disguised form, market entities to participate in evaluation of fulfillment of

standards, compliance, commendation, training, appraisal, examination, or similar activities, or shall levy charges on them, or do so in disguised form, on the pretext of the aforementioned activities.

**Article 18** The State shall push forward the establishment of a unified national service platform for safeguarding the rights of market entities, in order to provide market entities with efficient and convenient services for protection of their rights.

### **Chapter III**

#### **The Market Environment**

**Article 19** The State shall continue to deepen reforms of the business system, unify the regulations on registration of enterprises, unify the data standards and platform service interfaces, and adopt a unified social credit code for registration.

The State shall promote the reform to separate permits from the business license and continue to cut the number of permits required of businesses and shall, in accordance with law, introduce categorized management of all permits required of businesses, by means of direct cancelling of approvals, replacing of approvals with filing of records, making of acknowledgement and commitments, and improving of approval services, in order to make it convenient for enterprises to start relevant business activities after obtaining the business licenses. Except for the specific fields of endeavour stipulated by laws and administrative regulations, licenses required of businesses shall not be made as a precondition for enterprise registration.

Relevant government departments shall, as per the relevant regulations of the State, simplify the procedures required of an enterprise to follow from application to fulfillment of the general operating conditions for its setting up. Within the time limit specified by the State for the start of an enterprise, local authorities shall set and make public the specific period of time for processing.



Where an enterprise applies for registration of changes related to its residence or other matters, the department concerned shall process it promptly in accordance with law and shall not impose any restrictions. Unless laws, regulations and rules stipulate otherwise, the valid license held by an enterprise shall not need to be renewed after its relocation.

**Article 20** The State shall continue to relax restrictions on market access, and apply a unified national system of negative list for market access. With respect to the fields of endeavour not included in the negative list for market access, all types of market entities may enter on an equal footing in accordance with law.

No local authorities or government departments shall formulate separate lists in the nature of negative list for market access.

**Article 21** Relevant government departments shall strengthen enforcement of laws against monopoly and unfair competition and effectively prevent and put a stop to monopoly and unfair competition on the market as well as abuse of administrative power to exclude or restrict competition, in order to create a market environment for fair competition.

**Article 22** The State shall establish a sound, unified, open and competitive and well-regulated market system for human resources, and shall do away with segregation of urban and rural areas, of regions and of industries, as well as social status and gender discrimination, in order to promote orderly social mobility and rational allocation of human resources.

**Article 23** Governments and relevant government departments shall improve policies and measures and offer efficient services for innovation, encourage and support market entities to expand the realm of innovation, continue to promote innovation in products, technologies, business models and management, and give full play to the role of market entities in advancing the transformation of scientific and technological

achievements.

**Article 24** Governments and relevant government departments shall strictly implement the State's policies for reduction of taxes and charges, and examine and solve in a timely manner the specific problems arising in the course of implementation of the policies, in order to ensure that the policies for tax and charge reduction benefit the market entities in all respects and in a timely manner.

**Article 25** Establishment of government funds, imposition of enterprise-related administrative charges and payment of enterprise-related deposits shall be based on laws and administrative regulations or be subject to approval of the State Council. Government funds, enterprise-related administrative charges and enterprise-related deposits, as well as the operating service charges, the rates of which are fixed by the government, shall be governed by means of catalogues, which shall be made public; the aforementioned charges or deposits not included in the catalogues shall not be imposed or paid. Replacement of cash payments for enterprise-related deposits with guarantees provided by financial institutions shall be promoted.

**Article 26** The State shall encourage and support financial institutions to increase support for private enterprises and small and medium-sized enterprises, and lower their overall financing costs.

Financial regulatory departments shall improve the regulatory evaluation of, and incentive mechanism for, commercial banks and other financial institutions, encourage and guide them to increase credit supply to private enterprises and small and medium-sized enterprises, and rationally increase their support to them in terms of medium and long-term loans and credit loans, and increase the efficiency of loan approvals.

No commercial banks or other financial institutions shall set unreasonable conditions for granting of credit or impose discriminating requirements on private enterprises or small and medium-sized enterprises. They shall regulate levying of charges according to

the relevant regulations of the State and shall not impose unreasonable charges on their clients in violation of regulations. Commercial banks shall make public their service standards, standard rates of charges, and the processing time limit for opening an enterprise account.

**Article 27** The State shall promote the healthy, standard development of multilevel capital markets, broaden the financing channels for market entities, support qualified private enterprises and small and medium-sized enterprises to issue stocks, bonds and other financing instruments in accordance with law, in order to expand the scale of direct financing.

**Article 28** Public utility enterprises and institutions that supply water, electricity, gas and heat shall make public service standards and standard rates and other information, and provide safe, convenient, stable and affordable services for market entities, and they shall not compel market entities to accept unreasonable conditions for service or make unreasonable charges in any name. All local authorities shall improve processing for application for and installation of facilities, and fix and make public the specific time for processing within the time limit prescribed by the State.

Relevant government departments shall tighten oversight and regulation of the operation of public utility enterprises and institutions.

**Article 29** Associations of industries and chambers of commerce shall, in accordance with laws, regulations and charters of association, maintain strict self-discipline of the industry, convey the requests and needs of the industries in a timely manner, and provide for the market entities services, including information consultancy, publicity and training, market expansion, protection of rights and interests and resolution of disputes.

The State shall, in accordance with law, strictly regulate the charges imposed, the appraisals conducted and the certifications issued by associations of industries and

chambers of commerce.

**Article 30** The State shall strengthen the building of a social credit system and continue to promote the cultivation of administrative integrity, business integrity, social integrity and public trust in justice, enhance the awareness of all quarters of society of the importance of integrity and their level of creditity, safeguard the security of creditity information, and strictly protect commercial secrets and personal privacy.

**Article 31** Local people's governments at all levels and their relevant departments shall fulfill their policy commitments made to and the contracts concluded with market entities in accordance with law. They shall not break their commitments or the contracts on the pretext of administrative division adjustment, government reelection, institutional or functional adjustment, or replacement of a leading person concerned. If, for protection of State interests or social and public interests, it is necessary to change a policy commitment or an agreement of contract, the matter shall be dealt with in compliancet with statutory limits of authority and legal procedures, and the losses thus inflicted on market entities shall be compensated in accordance with law.

**Article 32** No State organs or public institutions shall, in breach of contracts, default on payments to market entities for goods, projects, services, or other items. No large enterprise shall take advantage of its superior status to default on payments to small and medium-sized enterprises.

People's governments at or above the county level and their relevant departments shall redouble their efforts to see that the payments defaulted on by State organs and public institutions to market entities are cleared, and shall establish a long-lasting mechanism to prevent and control default on payments by State organs and public institutions to market entities through stringent measures, such as budget control and strict investigation as to accountability.

**Article 33** Relevant government departments shall improve procedures for market

entities to go through for cancellation of registration, cut down application material, reduce processing time, and lower cancellation cost. For market entities not starting production or operation or having no claims or debts after establishment, their registration may be cancelled via a summary procedure. For market entities that have claims or debts, their registration shall be cancelled promptly after the claims and debts are settled in accordance with law.

Local people's governments at or above the county level shall, where necessary, set up a coordination mechanism for enterprise bankruptcy proceedings, through which to resolve the issues involved in the course of such proceedings.

## **Chapter IV**

### **Government Services**

**Article 34** Governments and relevant government departments shall further enhance their service awareness, and effectively change their style of work, in order to provide standardized, convenient, and highly efficient government services for market entities.

**Article 35** Governments and relevant government departments shall push forward the standardization of government services, formulate and make public their standardized workflow and guidelines for government services (including matters to be dealt with by administrative authority and matters requiring public service, the same below) in compliance with the requirements for reducing steps, material and time limit, and they shall set meticulous and quantitative standards for government services, curtail the power of discretion, and carry forward non-discriminatory acceptance of similar matters and handling of such matters by the same standards. Where there are no laws, regulations or rules to go by, no more conditions or steps for matters requiring government service shall be added.

**Article 36** When providing government services, governments and relevant government departments shall, based on actual conditions, promote the practice where services are provided on the spot once for all, and within the time limit, and see that such services are processed centrally, locally, online or remotely. Where a market entity is required to supplement or correct relevant material or complete formalities, it shall be notified of the requirements once for all. Where it is necessary to conduct onsite survey, inspection or technical review, or to hold hearings or listen to arguments, an arrangement shall be made and the work shall be done within a specified time limit.

Where there are provisions in laws, regulations and rules and in relevant State regulations to govern the time limit for matters requiring government services, such matters shall be settled as soon as possible within the prescribed time limit. If there are no such provisions, a time limit shall be set according to the principle of reasonableness and efficiency, and the matters shall be settled on schedule. All local authorities can further reduce the time limit stipulated by the State for provision of government services, and shall make the result known to the public. Where the time limit is exceeded, the handling authority shall explain its reasons publicly.

Where a local people's government sets aside a hall for government services, all kinds of matters requiring government services within the area under its jurisdiction shall in general be processed in the hall. With respect to service windows opened by different departments in the government service hall, conditions shall be created to have the different windows integrated to supply one-stop services.

**Article 37** The State shall expedite the development of an integrated national online platform for government services (hereinafter referred to as integrated online platform) to promote access to such services via one website throughout the country. Unless laws and regulations stipulate otherwise or State secrets are involved, government service matters shall, according to the steps specified by the State Council, be processed via the integrated online platform.

The State shall, based on the integrated online platform, promote the integration of government information systems, improve the procedures for government approvals, and push forward cross-regional, cross-departmental and cross-level data sharing and collaboration in government work. Governments and relevant government departments shall provide data sharing services as per the relevant regulations of the State, upload relevant government service data to the integrated online platform in a timely manner, and tighten control of the use of shared data throughout the process, in order to ensure security of shared data.

The State shall set up a service system for e-license sharing to bring about cross-regional and cross-departmental sharing of e-licenses and mutual trust and recognition across the country. All local authorities and government departments shall strive to promote the wide use of e-licenses.

All local authorities and government departments shall promote the all-round connection between government service halls and platforms and their integration. Market entities have the right to choose for themselves the channels for access to government services, and no administrative organs shall designate channels in this regard.

**Article 38** Governments and relevant government departments shall, via the government websites and integrated online platform, make public all the laws, regulations, rules and regulatory administrative documents and the various policies and measures related to market entities, and widely disseminate and explain the same through various channels and by different means.

**Article 39** The State shall strictly control the institution of new administrative licensing. For such institution, strict standards shall be set in accordance with the Administrative Licensing Law and the regulations of the State Council, and examination and demonstration shall be conducted to prove their legality, necessity and rationality. No administrative licensing whatever shall be instituted for matters that can be resolved through oversight in the course of, or after market activities, or through market

mechanisms, or for matters for which no administrative licensing is allowed to be instituted according to the Administrative Licensing Law or the regulations of the State Council. It is strictly forbidden to institute or grant administrative licensing in the name of filing for the record, filling out of forms, registration, cataloguing, planning, annual inspection, annual report, supervision, affirmation, certification, or validation, or in any other name in disguised form.

Where there are already laws, administrative regulations or decisions of the State Council to govern the management of relevant matters, but no administrative licensing is instituted as a means of management of such matters, local authorities shall not institute administrative licensing for the matters. However, where no laws or administrative regulations are formulated to govern the management of the said matters, local authorities may institute administrative licenses for such matters in accordance with law.

**Article 40** The State shall apply a regulatory system via a list of administrative license and make timely adjustment to the list and make the adjustment known to the public. No administrative license not contained in the list shall be granted against law.

The State shall greatly streamline the existing administrative licensing. No administrative organs shall continue to grant, or do so in disguised form, administrative licenses already revoked, nor shall they ask the associations of industries, chambers of commerce or other organizations to do it instead.

For matters subject to administrative license, administrative organs shall improve approval services and raise the efficiency of approvals by various means, such as integrated granting and delegating of approval power to the organs at lower levels, to reduce the burden on market entities. For matters that meet the relevant conditions and requirements, acknowledgement commitment may be adopted in accordance with the relevant regulations.

**Article 41** Local people's governments at or above the county level shall deepen



the reform of the investment approval system, standardize investment approval procedures on the basis of different categories in terms of the nature of the projects and the amount of investment, slash the number of documents needed for approval, simplify technical review of items, strengthen coordination of project decision-making with the fulfillment of construction conditions, such as land use and planning, and put into effect the online processing of approvals for related projects together.

**Article 42** Local people's governments at or above the level of a city divided into districts shall, in accordance with relevant regulations of the State, improve the approval procedures for engineering and construction projects (excluding special engineering projects and major projects in the fields of communications, water conservancy, and energy), push forward processing of approvals via paralleled network, joint review of multiple blueprints, joint acceptance test of completed projects and the use of other methods, thus to simplify approval procedures and increase approval efficiency.

With respect to the development zones and new areas, which are set up in accordance with law, and other regions endowed with proper conditions, regional assessment shall be conducted as per the relevant regulations of the State, and local people's governments at or above the level of a city divided into districts shall organize unified assessment of the untapped important mineral resources and potential geological hazards in certain regions, and no separate assessment shall be required of the market entities in the regions. The cost of regional assessment shall not be borne by the market entities.

**Article 43** Intermediary services set as a condition attached to application for administrative approval (hereinafter referred to as statutory intermediary services for administrative approval) shall be based on laws, regulations or decisions of the State Council. In the absence of the basis, such services shall not be made a condition for administrative approval. Intermediary service agencies shall specify the conditions, procedures, time limit and rates of charges for the statutory intermediary services for administrative approval and make them public.

The State shall accelerate the disconnecting of intermediary service agencies from administrative organs. No administrative organs shall designate, or do so in disguised form, intermediary service agencies for market entities; except for the statutory intermediary services for administrative approval, they shall not compel market entities to accept intermediary services, or do so in disguised form. No public institutions affiliated to administrative organs, public organizations under the charge of administrative organs, or enterprises established by administrative organs shall provide intermediary services related to the administrative approval to be granted by these organs, except where laws and administrative regulations stipulated otherwise.

When an administrative organ needs to entrust an intermediary service agency with technical services in the course of administrative approval, it shall choose one through competition and bear the service cost itself, and it shall not shift the cost onto a market entity.

**Article 44** The need to have a matter certified shall be based on laws and regulations or decisions of the State Council.

When making decisions on matters in need of certification, the principle that it is really essential and that it is under strict control shall be adhered to. With respect to matters that can be processed via legal permits and licenses, legal documents, written acknowledgement and commitment, internal verification by government departments or verification between departments, network verification, or documents of contracts, or can be contained in or substituted by other material, and with respect to matters that cannot be verified by the issuing authorities through investigation, no certification shall be required.

Relevant government departments shall publish lists of matters requiring certification, in which shall be specified, one by one, the basis for the need of certification of a matter, the demanding party, the issuing authorities, and the guidelines for certification processing. No government departments, public utility enterprises or

institutions, or service agencies shall demand certification of matters in addition to what is included in the list. All local authorities and government departments shall strengthen mutual recognition and sharing of certification to avoid redundant demanding for certification.

**Article 45** Governments and relevant government departments shall, in compliance with the requirements of the State to facilitate cross-border trade, cut down items requiring import or export approval, do away with unnecessary regulatory requirements, improve and simplify the customs clearance procedures to increase efficiency, sort out and standardize port charges, to reduce customs clearance costs, and promote the introduction of integrated handling of port and international trade businesses at a “single window” for international trade.

**Article 46** Tax authorities shall simplify tax statements and simplify procedures, cut the number of, or merge, tax payment declarations, make public the time limit for handling of tax-related matters, reduce the time it takes to handle tax-related matters, strive to promote the wide use of electronic invoices, gradually allow for taxes to be filed completely online, and continuously improve tax services.

**Article 47** Real property registration agencies shall, in accordance with the relevant regulations of the State, promote greater cross-departmental cooperation, accept and process real property registration, transactions and tax payments in parallel at one window, cut down the processing time, and reduce cost. Within the time limit for registration of real property as stipulated by the State, local authorities shall determine and make public the specific time for processing.

The State shall promote the institution of a unified system for registration and public notification for movable property and rights guarantee, and gradually make it possible for market entities to register their movable property and rights guarantee at one platform. The scope of the movable property and rights to be covered by the said system shall be specified separately.

**Article 48** Governments and relevant government departments shall, in accordance with the requirement for building a new type of cordial and clean relationship between government and business, establish a smooth and effective communication mechanism between government and enterprises, adopt various methods to pay heed to the reactions and appeals of market entities in a timely manner, and get to know the difficulties and problems encountered by market entities in production and operation, and help solve them in accordance with law.

To establish a communication mechanism between government and enterprises, attention shall be paid to the need of full respect for the wishes of market entities and the need of enhanced pertinence and effectiveness, and no person shall interfere with the normal production and operation of market entities or increase the burden on them.

**Article 49** Governments and relevant government departments shall set up convenient and smooth channels to accept complaints or reports concerning the business environment.

**Article 50** News media shall promptly and accurately publicize the measures for improving the business environment and the successes achieved, thus to create an enabling public opinion atmosphere for improving the business environment.

The State shall encourage public opinion oversight of the business environment. It is forbidden to fabricate information or distort facts in reports.

## **Chapter V**

### **Regulation and Law Enforcement**

**Article 51** Relevant government departments shall, in strict adherence to laws and regulations and compliance with their duties, discharge their regulatory responsibilities, define the targets and scope of regulation, and clarify their regulatory powers, in order to

exercise regulation over market entities in accordance with law and put all-round regulation into effect.

**Article 52** The State shall improve its open and transparent regulatory rules and standards. The relevant departments of the State Council shall formulate nationally unified regulatory rules and standards for different fields of endeavour that are concise and easily feasible and make them public.

**Article 53** Governments and relevant government departments shall, in compliance with the requirement of the State for accelerated development of a new type of credit-based regulation mechanism, innovate and improve credit regulation, strengthen the safeguards for support of such regulation, organize greater efforts for implementation of the same, and continuously increase its effectiveness.

**Article 54** The State shall push forward oversight through random selection of both inspectors and inspection targets and prompt release of results. Except for the special industries and key fields of endeavour that are directly related to public security and people's lives and health, administrative inspection in the field of market regulation shall be conducted through random selection of inspection targets and law enforcement inspectors, and the items under inspection and the results of the matters inspected and handled shall be promptly released. Inspection of multiple items involving one and the same target of inspection shall be merged to the extent possible or be conducted through joint, cross-departmental random inspection.

With respect to special industries and key fields of endeavour that are directly related to public security and people's lives and health, oversight shall be focused on all of them in accordance with laws and regulations, and the procedures for such oversight shall be strictly regulated. Problems revealed in complaints or reports, in the cases being transferred or assigned, or in the course of data monitoring shall be examined with a clear aim and resolved in accordance with laws and regulations.

**Article 55** Governments and relevant government departments shall, in adherence to the principle of encouraging innovation, apply inclusive yet prudent regulation with respect to new technologies, new industries, new forms of business and new business models, formulate and put into effect different categories of regulatory rules and standards appropriate to their features and specialties, leaving enough room for their development while ensuring quality and safety, and they shall not simplify matters by blunt prohibition or forfeiting of regulation.

**Article 56** Governments and relevant government departments shall, by making full use of the internet, big data and other technical means and relying on the unified online regulation system of the State, enhance collection, sharing, connection and integration of information, promote off-site regulation characterized by remote regulation, mobile regulation, early warning, and prevention and control, in order to raise the level of exactness and smartness of regulation.

**Article 57** The State shall set up a sound mechanism for joint, trans-departmental and trans-regional response and coordination in administrative law enforcement, in order to achieve interconnection of clues on illegal activities, mutual acceptance of regulatory standards, and mutual recognition of solutions.

The State shall make overall arrangement with respect to delegation of functions and allocation of resources for administrative law enforcement, push forward comprehensive administrative law enforcement in relevant fields, integrate and streamline law enforcement staff, reduce the number of enforcement bodies and echelons of law enforcement, and raise the law enforcement capabilities at the grassroots level.

**Article 58** Administrative law enforcement organs shall, in accordance with the relevant regulations of the State, comprehensively apply the systems for issuing of public notices, for recording of the entire process, and for legal review of major decisions with respect to administrative law enforcement, in order that timely and accurate information on administrative law enforcement can be made public, the entire process of such

enforcement can be marked down and traced back, and all major decisions on administrative law enforcement are subject to legal review.

**Article 59** In administrative law enforcement, non-mandatory means such as persuasion and enlightenment, exhortation and demonstration, and administrative guidance shall be put to wide use, while administrative mandatory means shall be used prudently in accordance with law. Where non-mandatory means can achieve the administrative purpose, no administrative mandatory means shall be used. In cases where the illegal act is minor or the harm done to society is small, administrative mandatory means may be exempted. Where such means is definitely necessary, the attention shall be paid to the need that impact on normal production and operation of market entities be minimized as much as possible.

Activities such as cleanup and rectification and rectification in special spheres of activity shall be conducted in strict accordance with law. No measures for general suspension of production and operation of market entities shall be adopted in the areas and fields of endeavour concerned, except for events that involve people's lives and safety, serious or major accidents, or major national occasions, and approval of the competent authorities is already granted.

It is forbidden to link income from penalties and confiscations with the benefits of administrative law enforcement organs.

**Article 60** The State shall improve the benchmark system for discretionary power in administrative law enforcement and rationally determine the scope, type, and extent of discretion, thus to standardize the exercise of discretionary power in administrative law enforcement.

## **Chapter VI**

### **Legal Safeguards**

**Article 61** The State shall, based on the need of improved business environment, formulate, revise or abolish relevant laws, regulations, rules and normative administrative documents in a timely manner in accordance with statutory authority and procedures.

Where reform measures for improving the business environment involve adjustment to implementation of the relevant provisions of existing laws and administrative regulations, they may be implemented first on a trial basis after authorization granted by the competent authorities according to statutory procedures.

**Article 62** When formulating administrative regulations, rules and normative administrative documents closely related to production and operation of market entities, the opinions of market entities, associations of industries and chambers of commerce shall be listened to in accordance with the regulations of the State Council.

Except where confidentiality needs to be protected in accordance with law, when making administrative regulations, rules and normative administrative documents closely related to production and operation of market entities, public comments and suggestions shall be solicited through newspapers, the internet, and so on, and a sound feedback mechanism for whether the suggestions are adopted shall be established. The time limit for soliciting public comments and suggestions shall generally be 30 days at least.

**Article 63** Formulation of administrative regulations, rules and normative administrative documents closely related to production and operation of market entities shall undergo fair competition review as is required by the regulations of the State Council.

Formulation of normative administrative documents involving the rights and obligations of market entities, shall undergo review as to their legitimacy, as is required by the regulations of the State Council.



Where market entities believe that local regulations conflict with administrative regulations, or that rules conflict with laws and administrative regulations, they may submit to the State Council a written proposal for review, which shall be handled by the relevant authorities in accordance with the prescribed procedures.

**Article 64** Where there are no laws or regulations, or decisions or orders of the State Council to serve as the basis, no normative administrative documents shall be drawn up to the effect that they curtail or impair the legitimate rights and interests of market entities, impose more obligations on them, set conditions for market access or exit, or intervene in the normal production and operation of market entities.

Normative administrative documents involving the rights and obligations of market entities shall be published according to statutory requirements and procedures, and those that are not published shall not serve as a basis for administration.

**Article 65** Formulation of administrative regulations, rules and normative administrative documents closely related to production and operation of market entities, the matter as to whether or not to give market entities a period of time to get adopted shall be determined on the basis of actual conditions.

Governments and relevant government departments shall coordinate, in an all-round way, and have a rational grasp of, the rhythms of introduction of regulations and normative administrative documents, and make comprehensive evaluation of the effects of policies, in order to prevent overlapping or mutually inconsistent policies from adversely affecting the normal production and operation of market entities.

**Article 66** The State shall improve the mechanisms for multiple disputes resolution, which serves to keep mediation, arbitration, administrative ruling, administrative reconsideration, and litigation organically aligned and mutually coordinated, in order to provide market entities with efficient and convenient channels for dispute resolution.

**Article 67** The State shall enhance dissemination of the rule of law, make sure that government organs shoulder their responsibilities for popularizing legal knowledge, help enhance the ability of State employees to perform their duties in accordance with law, and guide market entities to operate legally and protect their legitimate rights and interests in accordance with law, and constantly heighten the awareness of all sectors of society about the rule of law in order to provide basic support for creating a law-based business environment.

**Article 68** Governments and relevant government departments shall integrate public legal service resources, including lawyers, notarization, forensics, mediation, and arbitration, accelerate the development of a public legal service system, comprehensively enhance the capabilities and raise the level of public legal services, in order to provide a full range of legal services for an improved business environment.

**Article 69** Where a government, its relevant department or one of the staff members commits one of the following acts, investigation shall be conducted to affix the responsibility in accordance with laws and regulations:

(1) illegally intervening in matters that should be decided on by market entities themselves;

(2) failing to treat all types of market entities equally in accordance with law when formulating or implementing policies and measures;

(3) imposing mandatory administrative measures such as sealing up, freezing, or seizing of the property of market entities or the private property of business operators in violation of statutory powers, requirements, or procedures;

(4) requiring market entities to provide financial, material, or human resources in addition to what is stipulated in laws and regulations;

(5) compelling, or doing so in disguised form, market entities to participate in evaluation, fulfillment of standards, commendation, training, appraisal, examination or similar activities, or levying charges, or doing so in disguised form, on market entities on the pretext of the aforementioned activities, without legal or regulatory basis;

(6) establishing government funds, levying enterprise-related administrative charges,

or collecting enterprise-related deposits in violation of laws or in addition to the categories listed;

(7) failing to fulfill policy commitments made to market entities in accordance with law or the different kinds of contracts concluded in accordance with law, or defaulting on payments to market entities for goods, projects, services, or other items in breach of contracts;

(8) enacting or putting into use administrative licenses in disguised form, continuing to use, or do so in disguised form, cancelled administrative licenses, or asking associations of industries or chambers of commerce or other organizations to do so instead;

(9) designating, or doing so in disguised form, intermediary service agencies for market entities, or compelling them to accept intermediary services in violation of laws;

(10) failing to listen to the opinions of market entities, associations of industries and chambers of commerce, as is required by regulations when formulating administrative regulations, rules or normative administrative documents that are closely related to production and operation of market entities; and

(11) failing to fulfill the duties of improving the business environment, or harming the business environment in other ways.

**Article 70** Where a public utility enterprise or institution commits one of the following acts, the relevant department shall order it to rectify and shall conduct investigation to affix its responsibility:

(1) failing to make known to the public information about service standards, rates of charges, and time limit for processing;

(2) compelling market entities to accept its unreasonable service conditions; and

(3) levying unreasonable charges on market entities.

**Article 71** Where an association of industries or chamber of commerce or intermediary service agency commits one of the following acts, the relevant department shall order it to rectify and shall conduct investigation to affix its responsibility in accordance with law:

- (1) levying charges, conducting evaluation, or issuing certificates in violation of law;
- (2) illegally intervening in market entities, joining or withdrawing from associations of industries, chambers of commerce, or other public organizations;
- (3) compelling, or doing so in disguised form, market entities to participate in evaluation, fulfillment of standards, commendation, training, appraisal, examination, or similar activities, or levying charges on market entities, or doing so in disguised form on the pretext of the aforementioned activities, without legal or regulatory basis;
- (4) failing to make public the conditions, procedures, time limit and rates of charges for the statutory intermediary services for administrative approval; and
- (5) compelling, or doing so in disguised form, market entities to accept intermediary services in violation of law.

## **Chapter VII**

### **Supplementary Provisions**

**Article 72** These Regulations shall come into effect on January 1, 2020.

本译本仅供参考，若有歧义，请以中文版本为准。

**The English version is for reference only. In case of any discrepancy or ambiguity of meaning between this English translation and the Chinese version, the latter shall prevail.**