

People's Republic Of China Foreign Financial Companies Interim Agreement On Market Access

Oct. 24, 1997

Minister-Counselor for Economic Affairs

Embassy of the United States of America

Beijing, China

Dear Mr. Robert Ludan,

This is in response to your letter of 19 June 1997 and subsequent discussions we had concerning Xinhua Foreign Information Administration Center's (FIAC) interpretation and implementation of State Council Circular (Number 1, 1996) regarding providers of financial news in China. Hereby, I am pleased to clarify the following points.

FIAC was established as an independent administration authority to implement the State Council circular. It is FIAC aim to achieve uniform administration of the publication of the economic information in China in line with the laws of the land.

FIAC's purpose is to serve as an authority to approve the applications for publishing economic information in China by all foreign news agencies and their information subsidiaries (hereinafter referred to as financial information providers) in order to ensure that the providers do their business in accordance with China's laws and regulations.

The financial information providers that want to publish economic information in China must apply with FIAC for approval, and the approval of their applications by FIAC will be an uncomplicated and transparent process. FIAC will examine and approve (within 20 working days) the application after submission of the following five required documents:

- 1) a document certifying the legal existence of the applicant foreign news agency and its information
- 2) a list of the categories of the economic information, (e.g., money services, commodity services or equity services), to be released and a brief account of the contents of each category;
- 3) a document describing the means of transmission and technical services, which will not include proprietary information;
- 4) a list of the price ranges generally charged for each category of the economic information and the methods of fee collection, (e.g., direct billing or billing through agents);
- 5) a list of the companies, joint ventures and offices established by the applicant foreign news agency in China that engage in operations of economic information, or its commissioned technical service company or agent company.

FIAC will use these documents solely for the purpose of registering financial information providers and will not intervene in the transactions between the financial information providers and their customers.

Recipients of foreign economic information in China will also be required to register with Page FIAC. Neither the financial information provider nor the recipient will be required to pay a fee for registration and management.

It will be the main responsibility of FIAC to ensure that recipients register. Financial information providers shall encourage their customers to register with Page FIAC and assist them in the process. Will examine and approve the application within 10 working days after submission of the following five documents:

- 1) a duplicate copy of the document certifying the status of the applicant unit as a legal entity or a non-legal entity;
- 2) a brief account of the applicant unit;
- 3) a list of the categories of the economic information intended to subscribed to;
- 4) an account pertaining to the use of the economic information and its scope;
- 5) an account pertaining to the mode of reception for the economic information.

FIAC's examination and approval process will be uncomplicated, transparent and expeditious and will not have the effect of market intervention, nor will it require details of the financial transactions between financial information providers and the customer. Within the 10 day period, FIAC will issue the customer permit for receipt of foreign economic information. This permit can be submitted to the relevant satellite down link registration authority and will certify that the customer has the right to receive foreign financial information.

Financial information providers, approved by FIAC will be permitted to publish (distribute, market and sell) all existing and future products in China as well as upgrade services, equipment, products, technology and means of transmission upon registering the name and a brief introduction of the products with FIAC. The marketing and upgrading should be conducted in compliance with China's laws and regulations. FIAC will not take discriminatory action against foreign information providers. Financial information providers will be permitted to establish the prices of their products and services based on commercial considerations and shall notify FIAC of the price ranges for these products upon taking such action.

Financial information providers will be required to provide FIAC with a terminal, which will be used by FIAC to monitor economic information which the general customer will see. Should FIAC have any questions or problems relating to the publication of economic information by a foreign financial information provider, FIAC will provide written notice to the provider and will consult on these issues and attempt to address them prior to taking any further action.

FIAC will ensure the confidentiality of the information submitted to it in connection with the applications of financial information providers, their products and services, and recipients of those products and services. FIAC will protect this information from disclosure to others outside of FIAC, including Xinhua, as required under China's relevant laws and regulations.

I hope these clarifications address any concerns that you may have on this issue.

Sincerely yours,

/s/

Mr. Wang Wenlian

Director-General

Foreign Information

Administration Center

Xinhua News Agency

Beijing

September 26, 1997

Mr. Wang Wenlian

Director-General

Foreign Information Administration Center

Xinhua News Agency

Dear Mr. Wang,

I am most pleased to receive your letter of this date that clarifies how the Xinhua Foreign Information Administration Center (FIAC) will interpret and implement the State Council Circular (Number 1, 1996).

The points set out in your letter address our immediate concerns regarding the circular and represent an interim solution to a long-standing problem. The Government of the United States, however, continues to seek commitments from the Government of China under the General Agreement on Trade in Services on national treatment and market access for foreign financial information providers and on-line data services.

I very much appreciate the assistance that you and your staff provided in this matter and look forward to our continuing cooperation.

Sincerely yours,

/s/

Robert Ludan

Minister-Counselor for

Economic Affairs

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*TANC offers these agreements electronically as a public service for general reference. Every effort has been made to ensure that the text presented is complete and accurate. However, copies needed for legal purposes should be obtained from official archives maintained by the appropriate agency.*