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ZHONG LUN NEWS

- On April 24, 2014, the 11th annual ALB China Law Awards was held at the Park Hyatt, Beijing. Zhong Lun Law Firm was nominated for 20 awards and won five awards including Beijing Law Firm of the Year. (read more. . .)
- The first FT Asia-Pacific Innovative Lawyers Awards recently shortlisted Zhong Lun Law Firm in the Innovation in Corporate Strategy (Asia-Pacific Headquartered Law Firms) category for co-founding the new outbound investment information platform for Chinese enterprises - China Going Global Think Tank (“CGG”). (read more. . .)
- In February 2014, Global Arbitration Review (“GAR”) published the latest edition of the GAR 100, which is a listing of the world’s most prominent international arbitration practices and gives readers access to the top
Compliance Events

- **CPIC: “The cage to lock up power is being squeezed”**

  The Central Discipline Inspection Commission (“CPIC”) released an article on October 22, 2014, indicating that the cage to lock up power is being squeezed.

  The article says that the party has been reinforcing the construction for interior regulation and systems since the eighteenth People's Congress. Corrupt officials have got caught one by one as various bans come into force.

  To lock up power into cage has been a symbol of the governing philosophy of Xi Jinping, which is to reinforce the party's construction and rule by law. The article emphasizes that the focus for establishing systems is to be practical and enforceable, and that systems are no paper tiger, the seriousness and authority of which shall be firmly safeguarded.

  Learn more, please click:

  [http://www.ccdi.gov.cn/xwtt/201410/t20141022_29163.html](http://www.ccdi.gov.cn/xwtt/201410/t20141022_29163.html)

- **Zhong lun’s View**

  As the anti-corruption work has got in-depth over the past few years, corrupt officials have got caught in succession. Meanwhile, the construction for party’s regulation keeps moving forward, with various bans coming into force. However, the anti-corruption work in future is bound to be faced with tougher difficulties for taking the

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Zhong Lun Law Firm
Celebrating 20 years 1993 – 2013

About Zhong Lun
Zhong Lun is a leading Chinese full-service business law firm.

The firm has more than 160 partners and 700 lawyers in ten offices: Beijing, Shanghai, Shenzhen, Guangzhou, Tokyo, Wuhan, Hong Kong, Chengdu, London and New York.

Practice areas include:
- Real Estate
- Capital Markets/Securities
- Private Equity & Investment Funds
- Corporate/Foreign Direct Investment
cheese if the works of anti-corruption work fail to be written into regulation and put into enforcement. To deal with graft by thought of ruling of law constitutes an important part of Xi Jinping’s philosophy to strengthen the party’s construction. Therefore, combing the anti-corruption work with strengthening the construction of party’s regulation is going to be the trend.

From the perspective of corporate compliance, to keep a close eye on construction on systems of anti-corruption and make adjustment accordingly seems to be pressing. Zhonglun has been a leading law firm in the field of compliance with an excellent compliance team, which is comprised of experienced lawyers, including former judges and former procurators. Drawing lessons and experience from numerous major compliance cases we have handled, we are able to help our clients to customize a set of mechanisms to prevent legal risks so as to protect clients’ best interests.

**Red Envelops on Wechat and Electronic Pre-paid Card become new gift mode**

With various bans coming into force, to briber officials by means of gifts and securities seems to be held back. However, recently it emerges that some are taking advantage of online payments such as electronic prepaid card for cover-up to dodge supervision, which even earns the electronic prepaid card the name of “Gift artifact”.

However, the morning sun never lasts a day. Huang Shuxian, the vice secretary of Central Discipline Inspection Commission mentioned during an online interview held in August that “providing red envelopes on Wechat and electronic pre-paid card “has been
Both the red envelopes on WeChat and electronic pre-paid card have
the same function as common physical cards. From what it
appears, both means are reliant on internet, which could make
them convenient tools for bribery; commonly they don’t bear a
name, which could stir up the courage for those to commit bribery.
Formerly there was no clarification by law or regulation on the
definition or the supervisor thereof. But things are going to change
in the short future.

From the prospective of compliance, both the red envelopes on
WeChat and electronic pre-paid card are by nature commodities
equivalent to cash, provision of which still may constitute bribery.
When the government authorities are investigating such
conductions, they just need to coordinate with the operator and
financial department so that can easily screen and find out the
suspicious clues of the abnormal payment and trading.

Australian police offer to help China in tracing illicit funds

The Ministry of Foreign Affairs confirmed on October 20, 2014 that
Australian police had agreed to assist China in the extradition and
seizure of assets of corrupt Chinese officials who had fled with
hundreds of millions of dollars in illicit funds. The operation will
make its first seizure of assets in Australia within weeks.

Learn more, please click:

http://www.ccdi.gov.cn/xwyw/201410/t20141021_29066.html

**CPIC: “Hunt down runaway corrupt officials”**

During a media interview held in early October, when Mr. Huang Shuxian, the deputy secretary of the Central Discipline Inspection Commission, spoke of the focus in the next move of the “Fox Hunt”, he specified five points: establish a dynamic database for runaway corrupt officials; emphasize on key individual cases; reinforce international cooperation; improve relevant laws and regulations; strengthen the regulation for officials.

He emphasizes that no matter how long and how far away the runaways have fled, they will be hunted down and brought to justice.

Learn more, please click:


**Four departments jointly released a statement urging fugitive economic criminals to surrender themselves to justice**

The Supreme People’s Court, the Supreme People’s Procuratorate, the Ministry of Public Security and the Ministry of Foreign Affairs have jointly released a statement urging fugitive economic criminals to surrender themselves to justice on October 10, 2014, which says
that economic fugitives involved in criminal cases which have been listed or investigated can turn themselves in to the police, the procuratorate, the courts directly or through China's embassies and consulates before December 1, 2014. Fugitives who confess their crime and return to China voluntarily shall be given a lighter or mitigated punishment by law.

Learn more, please click:

http://www.fmprc.gov.cn/ce/ceuk/chn/gdxw/t1212422.htm

Beijing Anti-corruption Declaration: new global cooperation order in anti-corruption may be established

The Beijing anti-corruption declaration is the first international anti-corruption declaration with China leading in the draft work, which builds the largest international platform for anti-corruption work. Currently, China has signed pacts of extradition with 38 countries, judicial assistance in criminal cases with 51 countries, procuratorial cooperation with 93 countries, and police cooperation with 189 countries, which together constitute a network for international cooperation on anti-corruption work. However, it is common for runaway corrupt officials to flee into countries such as America, Australia and Canada that has not yet entered into extradition pact with China. Now with these countries signing on the declaration, bilateral and multilateral cooperation on anti-corruption is going to be closer than ever, thus further retraining the destinations for the runaways.
APEC members to announce Beijing anti-corruption declaration

Wang Yi, the minister of Chinese ministry of foreign affairs said on November 8, 2014 that the APEC ministerial conference had passed the Beijing anti-corruption declaration, in order to cooperate on the extradition of corrupt officials, enhance asset recovery efforts and establish an anti-corruption transparency network to share intelligence on graft. The agreement commits the 21 member economies in the Asia-Pacific region, including China and the United States, to “deny safe haven to those engaged in corruption, including through extradition, mutual legal assistance and the recovery and return of proceeds of corruption”.

Learn more, please click:

http://news.ifeng.com/a/20141110/42432373_0.shtml

Zhonglun’s View

Judging from the whole picture of anti-corruption work, along with reinforcing cooperation with foreign police in law enforcement, China is seeking a more active, comprehensive and enforceable way to crack down the corruption, both from the perspective of the Party’s interior system construction and from judicial systems. It symbolizes that China is lowering its tolerance for corruption and will continue to do so by exerting stricter punishment for acts that contravene anti-corruption laws and regulations.
On the other hand, the cost of going against the law is reaching an upper level for individuals and for state-owned, foreign-owned and privately-owned enterprises. During this course, some enterprises and the management thereof may fail to keep timely pace with the series of measures that are adopted by Chinese judiciary and the CPC, which may expose both enterprises and the management to huge legal risks. The compliance team of Zhonglun Law Firm, composed of many experienced lawyers, is highly competent in providing legal service in such fields as compliance, anti-corruption and anti-bribery. Not only will we provide legal opinion on compliance regarding corporate operations, but also customize a set of anti-corruption preventive systems as per a specific business model, thus assisting the client in its daily operation in the context of Chinese reinforced anti-corruption combat.

Both the foreign-owned and the state-owned enterprises are the targets of anti-monopoly enforcement.

Li Keqiang, the Premier of Chinese State Council said on the eighth Summer Davos forum that of all the enterprise involved in the state’s anti-monopoly investigation, the foreign-owned enterprises only account for 10%. Chinese National Development and Reform Commission, in charge for anti-monopoly, announced on
September 9, 2014, that it had instructed the price bureau of Jilin province to issue a bill to three cement enterprises for their price monopoly, in the amount of RMB 114.39 million.

It appears that Chinese anti-monopoly authority has been tending to enforce anti-monopoly based on solid grounds over the past few years, with an attempt to meet with international practice.

Learn more, please click: