Shanghai
19F, ONE LUJIAZUI
68 Yin Cheng Road Middle
Shanghai 200120 P.R.China
Tel: (86 21) 3135 8666
Fax: (86 21) 3135 8600

Beijing
Units 902-903
Winland International Finance Centre
No.7 Finance Street, Xicheng District
Beijing 100140 P.R.China
Tel: (86 10) 6655 5050
Fax: (86 10) 6655 5060

上海
上海市银城中路68号
时代金融中心19楼
邮政编码: 200120
电话: (86 21) 3135 8666
传真: (86 21) 3135 8600

北京
北京市西城区金融大街7号
英蓝国际金融中心9楼02-03单元
邮政编码: 100140
电话: (86 10) 6655 5050
传真: (86 10) 6655 5060

www.llinkslaw.com
master@llinkslaw.com

Llinks Corporate Finance Bulletin
June 2009

The New Responsibilities of the Secretary of the Board of Directors

By Grant Chen and Leo Wang

Along with the fast development of China's capital markets, the role of the secretary of the board of directors (the "Secretary") in listed companies is becoming increasingly important. Internally, the Secretary is a crucial manager of corporate governance and, externally, the company's "spokesperson". The *PRC Company Law*, effective from 1 January 2006, recognizes the Secretary's legal responsibilities and legal status for the fist time. Article 124 stipulates that a listed company shall have a secretary of the board of directors whose responsibilities include the preparation of the general meeting of shareholders and meetings of the board of directors, maintenance of documents, share management as well as relevant matters concerning information disclosure; and Chapter 13 "Supplementary Provisions" indicates that the senior managers include the Secretary. With respect to the material responsibilities of the Secretary, the New Listing Rules,[1] revised in 2008, modify the provisions of the Old Listing Rules[2] in the four following aspects:

Pay close attention to and ensure the truthfulness of media reports

The Secretary shall be responsible for timely communication and liaison between the company and securities regulators, and shall ensure communication with the regulators at any time. On this basis, The New Listing Rules expressly indicate that the Secretary shall also be responsible for communication with investors, securities service institutions, the media and the company. This duty was mentioned from the aspect of the management of the relationship between the company and the investors early in the *Working Guidelines for the Relationship Between Listed Companies and Investors*, which was promulgated in 2005.

如果您需要本出版物的中文本，请与下列人员联系：

韩东红: (86 21) 3135 8709
Publication@llinkslaw.com

If you would like other Llinks publications, please contact:

Lily Han: (86 21) 3135 8709
Publication@llinkslaw.com

Llinks Law Offices
www.llinkslaw.com

LINKS Law Offices 通力律师事务所

In addition, compared with the Old Listing Rules, the New Listing Rules add the Secretary's media responsibility, stipulating that the Secretary shall pay close attention to media reports, ensure the truthfulness of the reports, and urge the directors to reply to the regulators' inquiries in time. The media is becoming increasingly important as a major facilitator of information disclosure of listed companies. In order to maintain and improve the company's image, the Secretary shall in a timely manner, manage, inspect and respond to media criticisms of the company, and maintain effective and efficient communication channels with the media.

Organize training programmes and report promptly

In order to standardize operations of listed companies, the New Listing Rules include a new responsibility of the Secretary to organize training programmes for directors, supervisors and senior management on the applicable laws, regulations, rules, the New Listing Rules and other provisions. The New Listing Rules further emphasize that the Secretary shall assist the aforesaid persons in heightening their awareness of their responsibilities set out in disclosure-related provisions. Secondly, the New Listing Rules add that the Secretary shall urge supervisors and senior management to comply with laws, regulations, rules, regulatory instruments, listing rules, other relevant CSRC rules and the articles of association and performance of their promises; furthermore, the New Listing Rules stipulate that if the Secretary knows that the company has passed or is likely to pass a resolution which breaches the relevant rules, the Secretary shall promptly report the fact to the regulators without asking for the supervisor's opinion.

Keep the materials specifying shareholding status of directors, supervisors and senior executives who are also the majority shareholders

The Secretary shall not only take charge of safekeeping of materials specifying the shareholding status of the majority shareholder, directors, supervisors and senior management, but shall also be responsible for safekeeping the materials specifying shareholding status of the majority shareholder's directors, supervisors and senior management according to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (2008 Revision). This provision extends the Secretary's duty of managing the materials regarding the shares to the majority shareholder's directors, supervisors and senior management.

Attend the meeting of supervisors and the meeting of senior management

According to the New Listing Rules, the Secretary shall: Prepare and organize meetings of the board of directors and shareholders' meetings; attend shareholders' meetings, meetings of the board of directors, of supervisors and of senior management; take minutes of the meetings and sign them. Compared to the Old Listing Rules, the New Listing Rules adopt the rules stipulated in the *Administrative Measures on Information Disclosure by Listed Companies* promulgated in 2007, which indicate that the Secretary has the right to participate in meetings of supervisors and of senior management.

Contact Details

If you would like to know more information about the subjects covered in this publication, please feel free to contact the following people or your usual Llinks contact.

Shanghai	Beijing
Christophe Han Tel: (86 21) 3135 8778 Christophe.Han@llinkslaw.com	**Wayne Chen** Tel: (86 10) 6655 5050 - 1022 Way.Chen@llinkslaw.com
Grant Chen Tel: (86 21) 3135 8699 Grant.Chen@llinkslaw.com	
Calista Huang Tel: (86 21) 3135 8788 Calista.Huang@llinkslaw.com	
James Weng Tel: (86 21) 3135 8660 James.Weng@llinkslaw.com	

1 RULES GOVERNING LISTING OF STOCKS ON SHANGHAI STOCK EXCHANGE (2008 Revision) and RULES GOVERNING LISTING OF STOCKS ON SHENZHEN STOCK EXCHANGE (2008 Revision) which were effective from 1 October 2008 (the "New Listing Rules")

2 RULES GOVERNING LISTING OF STOCKS ON SHANGHAI STOCK EXCHANGE (2006 Revision) and RULES GOVERNING LISTING OF STOCKS ON SHENZHEN STOCK EXCHANGE (2006 Revision) which were effective from 19 May 2006 (the "Old Listing Rules")