

Haiwen Finance and Asset Management Monthly (August 2025)

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Introduction

To make the finance and asset management industry keep abreast of the latest industry developments, Haiwen prepares the “Haiwen Finance and Asset Management Monthly”. This monthly reading aims to introduce and provide brief comments on regulatory development and industry news.

In August 2025, regarding regulatory updates, the China Securities Regulatory Commission (“CSRC”) revised the *Provisions on Categorisation-based Regulation of Securities Companies*; the People’s Bank of China (“PBOC”), the National Financial Regulatory Administration (“NFRA”) and the CSRC issued the *Measures for Customer Due Diligence and Management of Customer Identity Information and Transaction Record Retention by Financial Institutions (Draft for Comments)*; the NFRA issued the *Administrative Measures for M&A Loans of Commercial Banks (Draft for Comments)*; the CSRC issued the *Interim Provisions on the Administration of Internet Marketing by Futures Companies*; the China Futures Association (“CFA”) issued the *Management Rules for Improper Competitive Practices in Futures Company Brokerage Business (Draft for Comments)*.

Regarding industry developments, the Shanghai Financial Court issued *Report on Legal Risk Prevention in Securities Misrepresentation Liability Disputes*; the NFRA issued the *Notice on the Repeal and Invalidity of Certain Normative Documents*.

I Latest Rules and Regulations Latest

1. The CSRC revised the *Provisions on Categorisation-based Regulation of Securities Companies*

To optimize the categorized regulation of industry institutions, the CSRC has revised the *Provisions on Categorisation-based Regulation of Securities Companies* to the *Provisions on the Categorisation-based Evaluation of Securities Companies* (the “*Provisions on the Categorisation-based Evaluation*”). The amended provisions will take effect on August 22, 2025. The main elements of this revision are as follows.

(1) Strengthening the functions of securities companies: The current evaluation system has been adjusted into a multi-dimensional framework encompassing “risk management capabilities, ongoing compliance status, and business development with effectiveness in fulfilling their functions”.

(2) Promoting high-quality development of securities companies: By optimizing incentive indicators related to business development, companies are guided to enhance comprehensive operational quality and strengthen professional service capabilities in areas such as medium-to-long term capital introduction and wealth management.

(3) Implementing the principle of “targeting major and egregious violations” to enhance comprehensive discipline: The circumstances warranting a direct downgrade in the classification rating have been refined to maintain a firm stance against major serious cases. Pursuant to the principle of proportionality, point deductions for disciplinary actions involving qualification restrictions have been increased, the rules for deducting points based on administrative penalties have been improved, and a graded deduction system has been rationally established.

(4) Summarizing past practical experience in categorized regulation, clarifying specific treatment rules for special circumstances: For instance, point deductions may be mitigated for institutions that, although suspected of violations, voluntarily enter into administrative law enforcement commitments or provide advance compensation.

Haiwen Comment

The *Provisions on the Categorisation-based Evaluation* implement the guiding principles of the Central Financial Work Conference, further refine the industry's categorized regulatory mechanism, and promote to advancing the development of first-class investment banks and institutions.

2. The PBOC, the NFRA and the CSRC issued the *Measures for Customer Due Diligence and Management of Customer Identity Information and Transaction Record Retention by Financial Institutions (Draft for Comments)*

On January 1, 2025, the newly amended *Anti-money Laundering Law* (the “**AMLL**”) came into effect. To implement the provisions set forth under the AMLL, the PBOC, the NFRA, and the CSRC jointly issued the *Measures for Customer Due Diligence and Management of Customer Identity Information and Transaction Record Retention by Financial Institutions (Draft for Comments)* (the “**Management Measures**”) on August 4, 2025. Key provisions of the *Management Measures* include:

(1) Establishing General Requirements for Customer Due Diligence: The *Management Measures* explicitly stipulate that Customer Due Diligence shall be conducted on a risk-based approach. Financial institutions are mandated to ensure that their due diligence measures are commensurate with the assessed level of risk and must not employ methods that are significantly misaligned with a customer’s actual risk profile.

(2) Elaborating Specific Customer Due Diligence Requirements: Firstly, the *Management Measures* update the applicable scenarios and methodologies for Customer Due Diligence across various financial sectors, reflecting the current development and practical characteristics of the financial industry. Secondly, the *Management Measures* further clarify the obligation of financial institutions to conduct ongoing due diligence throughout the business relationship within the existing legal framework. Finally, incorporating international standards, the *Management Measures* systematically stipulate enhanced due diligence standards for specific scenarios, including those involving beneficial owners, countries (or regions) identified as high-risk or under enhanced monitoring, foreign politically exposed persons (PEPs) and senior management of

international organizations, as well as correspondent banking and money transfer operations.

(3) Refine the scope of application of the Management Measures: The *Management Measures* ensures alignment with the provisions on specific preventive measures stipulated in the AMLL.

Haiwen Comment

The *Management Measures* effectively operationalize the AMLL and align with international anti-money laundering assessment standards, contributing to the systematic regulation of Customer Due Diligence by financial institutions and the retention management of customer identity information and transaction records.

3. The NFRA issued the *Administrative Measures for M&A Loans of Commercial Banks (Draft for Comments)*

On August 20, 2025, the NFRA has revised the *Guidelines for Commercial Banks on the Management of Risks Relating to M&A Loans* (the “*Guidelines*”), issuing the *Administrative Measures for M&A Loans of Commercial Banks (Draft for Comments)* (the “*Administrative Measures for M&A Loans*”). The key revisions of the Administrative Measures for M&A Loans includes:

- (1) Expansion of the Scope of Application of M&A Loans: Beyond the control-acquisition transactions originally covered by the *Guidelines*, the *Administrative Measures for M&A Loans* permit commercial banks to provide M&A loans for minority-interest acquisition transactions, if specific conditions met.
- (2) Establishment of Differentiated Business Qualification Requirements: For commercial banks engaged in providing M&A loans for both control-acquisition and minority-interest acquisitions, the *Administrative Measures for M&A Loans* have further established differentiated asset size thresholds, subject to the satisfaction of basic conditions such as a sound regulatory rating and compliance with key prudential regulatory indicators.
- (3) Optimization of Loan Terms: To better align with the practical financing needs of enterprises, the *Administrative Measures for M&A Loans* appropriately have raised the cap on the proportion of an M&A transaction that can be financed by debt and extended the maximum repayment period.
- (4) Emphasis on Debt Service Capacity Assessment: Commercial banks are required to treat the debt service capacity of the acquiring party as a core evaluation factor, based on a comprehensive consideration of the risks associated with the M&A transaction.

Haiwen Comment

The *Administrative Measures for M&A Loans* support the development of a modern industrial system and new quality productive forces, facilitating the standardized and sustainable growth of M&A loan business, thereby promoting the optimization and upgrading of the industrial structure.

4. The CSRC issued the *Interim Provisions on the Administration of Internet Marketing by Futures Companies*

On August 22, 2025, the CSRC issued the *Interim Provisions on the Administration of Internet Marketing by Futures Companies* (the “*Interim Provisions on Internet Marketing*”). The main contents are as follows:

- (1) Defining the Scope of Marketing: The internet marketing activities defined in the *Interim Provisions on Internet Marketing* refer to the commercial promotion of futures brokerage services and trading advisory services provided by futures companies through internet platforms.
- (2) Strengthening Content Review: Futures companies must uniformly review and manage marketing content to ensure compliance with relevant laws, regulations, and industry standards.
- (3) Clarifying Marketing Systems and Responsible Departments: Futures companies shall establish and improve internal management mechanisms for internet marketing and incorporate them into the company’s overall compliance management framework.
- (4) Strengthening the Management of Marketing Personnel and Accounts: Personnel engaged in internet marketing activities must be authorized by the futures companies as futures practitioners and incorporated into a unified management system.
- (5) Enhancing the Management of Third-Party Institutions: Futures companies shall conduct pre-engagement assessments, select third-party institutions pursuant to laws and regulations, and enter into written agreements that clearly define the scope of cooperation and prohibited conduct. Additionally, the payment of fees for third-party services shall be standardized.
- (6) Strengthening Investor Protection Measures: Futures companies must reinforce risk warnings and follow-up reviews, publicly disclose handling fee standards, and ensure that actual charges do not exceed these standards.
- (7) Prohibition of Fraudulent or Misleading Conduct: Futures companies and their practitioners are prohibited from engaging in fraudulent promotions or disseminating misleading information during internet marketing activities. Specific behaviors constituting fraud or misleading of clients shall be clearly defined.
- (8) Prohibition of Undermining Fair Competition: Futures companies and their practitioners shall not carry out any internet marketing activities that disrupt fair competition order.
- (9) Strengthening Supervision and Administration: the CSRC and its local offices are authorized to supervise the internet marketing activities of futures companies through off-site and on-site inspections.

The *Interim Provisions on Internet Marketing* systematically introduce a series of regulatory measures in light of the current illegal activities and potential risks associated with internet marketing by futures companies, aiming to further standardize the internet marketing practices of futures companies and promoting compliant and orderly operations.

4. The CFA issued the *Management Rules for Improper Competitive Practices in Futures Company Brokerage Business (Draft for Comments)*

On August 1, 2025, the CFA issued the *Management Rules for Improper Competitive Practices in Futures Company Brokerage Business (Draft for Comments)* (the “**Management Rules**”). The main contents include:

(1) Clarifying the Definition of Improper Competitive Practices in Brokerage Business: Improper competitive practices refer to acts committed by futures companies or their personnel during futures brokerage activities that violate relevant laws, regulations, and the requirements of the Management Rules, disrupt normal market competition order, and harm the lawful interests of other futures companies.

(2) Regulating the Management of Handling Fees in Futures Brokerage Business: The *Management Rules* introduce five key measures to standardize handling fee management: (i) establish and improve management systems; (ii) determine handling fee standards in a scientific and reasonable manner; (iii) publicize the maximum handling fee standards by client type through multiple channels to ensure transparency of information. (iv) clearly agree on fee rates or amounts with clients and strictly adhere to the agreements; (v) strengthen the follow-up mechanism, with a focus on clients who open accounts online, trade frequently, incur high handling fees, or experience significant losses.

(3) Specifying Prohibited Conduct in Futures Brokerage Business: (i) engaging in vicious competition by charging handling fees below the cost of brokerage services; (ii) unilaterally altering agreed handling fee standards with clients or charging fees below the publicly disclosed standards of exchanges; (iii) promotional activities that unduly emphasize benefits, conceal risks, or disseminate false or misleading information; (iv) soliciting clients by discrediting peer institutions; (v) any other illegal or non-compliant means to obtain trading opportunities or competitive advantages, or acts that harm traders’ rights and interests or disrupt market order.

(4) Strengthening Complaint Reporting and Self-Regulatory Management: Any entity that identifies violations of the Management Rules by futures companies or their practitioners may file a complaint or report with the CFA. The CFA may impose disciplinary sanctions or take other self-regulatory measures against involved parties based on its findings.

Haiwen Comment

The *Management Rules* establish a systematic framework for fair competition in futures brokerage by defining behavioral boundaries, detailing fee standards, and enhancing self-regulation. The precise regulation of handling fees and clear articulation of prohibited practices highlight the regulatory foresight and precision.

II Industry News

1. The Shanghai Financial Court issued the *Report on Legal Risk Prevention in Securities Misrepresentation Liability Disputes*

On August 20, 2025, the Shanghai Financial Court issued the *Report on Legal Risk Prevention in Securities Misrepresentation Liability Disputes* (the “*Report on Legal Risk Prevention*”). The Report on Legal Risk Prevention reviews securities misrepresentation liability cases in Shanghai courts between 2018 and 2024, summarizing several key points.

(i) Firstly, regarding the subject matters of the cases, the plaintiffs are predominantly natural persons, while the defendant issuers span multiple tiers of the capital market; (ii) Secondly, in terms of the types of misrepresentation conduct, misrepresentations in financial information account for more than one-third of the cases; (iii) Thirdly, beyond issuing entities, there has been a notable increase in claims brought against controlling shareholders, actual controllers, directors, supervisors, senior management, intermediaries, and other parties who aided in the fraudulent activities; (iv) Fourthly, with respect to the claims asserted, the majority of investors primarily seek compensation for losses such as investment differentials, brokerage commissions, and stamp duties; (v) Fifthly, the coordination mechanisms between civil litigation, administrative penalties, and criminal litigation still require further refinement.

2. The NFRA issued the *Notice on the Repeal and Invalidation of Certain Normative Documents*

On August 25, 2025, the NFRA promulgated the *Notice on the Repeal and Invalidation of Certain Normative Documents* (the “*Notice*”), which repealed 44 normative documents and declared 7 normative documents invalid. Moving forward, the NFRA will continue to emphasize the overall consistency of the regulatory system and carry out the cleaning and updating of normative documents in accordance with established procedures.

The source of Information

- <http://www.csrc.gov.cn/csrc/c101954/c7579225/content.shtml>
- <http://www.pbc.gov.cn/tiaofasi/144941/144979/3941920/5799318/index.html>
- <https://www.nfra.gov.cn/cn/view/pages/ItemDetail.html?docId=1222151&itemId=915&generalType=0>
- <http://www.csrc.gov.cn/csrc/c101954/c7579254/content.shtml>
- https://www.cfachina.org/index/zygx/202508/t20250805_82795.html
- http://www.shjrfy.gov.cn/jrfy/gweb/xx_view.jsp?pa=aaWQ9MT1MDkPdcssz

- [https://www.nfra.gov.cn/cn/view/pages/governmentDetail.html?](https://www.nfra.gov.cn/cn/view/pages/governmentDetail.html?docId=1223133&itemId=861&generalType=1)
[docId=1223133&itemId=861&generalType=1](https://www.nfra.gov.cn/cn/view/pages/governmentDetail.html?docId=1223133&itemId=861&generalType=1)

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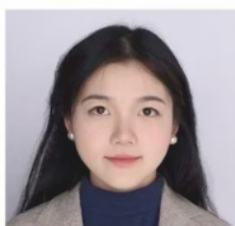
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