

# 2013 ANNUAL REPORT



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中国证券投资者保护基金有限责任公司  
CHINA SECURITIES INVESTOR PROTECTION FUND CORPORATION LIMITED

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Liu Hongtao

Chairman of the Board of Directors

## MESSAGE FROM CHAIRMAN

The year of 2013, while inaugurating the full implementation of what is called for by the Guiding Principles of the 18th National Congress of the CPC, is a critical year for SIPF to reinforce the requirements of CSRC, to expand its functions and to fully enhance its capacity of investor protection. Under the CSRC's correct leadership, SIPF worked in a progressive and vigorous manner by focusing on capital market innovation and investor protection. SIPF proposed a five-year development plan, defined the direction of operation, elaborated and forcefully carried out priorities during different phases; earnestly conducted mass-line education and practice, and reinforced work style; constructed an architecture "that supervises risks of securities firms through a monitoring system, provide ex-post reliefs to investors through a compensation system, offer an unhindered channel for investor complaint, and take care of the investor protection fund through fund raising and management", and ensured fund safety by tentatively subjecting 106 million accounts of small and medium investors to dynamic monitoring; explored additional ex-post reliefs while acting as the administrator of the special compensation fund for Wanfu Biotechnology, and constructed and maintained the 12386 hotline to find out what investors require and provide investor service accordingly; and subjected the protection fund to professional management to preserve and increase its value.

In 2014, SIPF will fully carry out the "Nine-Point Guidelines" and CSRC's assignments, continue to improve the awareness of reform, progress, opportunity and responsibility, further clarify its functions, make good top-level design and scientific decision, especially as to how to deepen and extend its responsibilities for "risk monitoring and investor compensation", obtain a solid progress in each and every aspect, and play a greater role in regulatory transformation and investor protection.



Liu Hongtao  
Chairman of the  
Board of Directors



Zhuang Mu  
General Manager

## MESSAGE FROM GENERAL MANAGER

### —About the introduction of work in 2013

In 2013, under the leadership of the Party Committees of the CSRC and SIPF, SIPF and its entire staff worked in a progressive, vigorous, effective and well-targeted manner, further implemented “Two Maintain, One Promote and One Strengthen”, focused on protecting investors’ lawful rights, further clarified its responsibilities and positioning, actively expanded its operation in a context of securities market reform and innovation, thoroughly connected with the regulatory work, and basically, was able to “use the monitoring system to protect investor fund security, use the compensation system to provide investor relief, use the service system to provide the channel for investor enquiry and demand, and act as a skillful and reliable administrator of protection fund”, and accomplished main tasks set forth in early 2013.

In the first place, SIPF steadily promoted legislation and basic rule making to provide institutional safeguard for its operation expansion. Pursuant to accommodate regulatory and operational requirements, in 2013, SIPF started to amend the *Measures for the Administration of Securities Investor Protection Fund* (hereafter “the Measures”, with a focus on bailout, fund manager

protection and SIPF governance structure, so as to form a risk management system that subjects securities companies' risks to ex ante supervision and evaluation, in-process risk resolution and ex post facto risk handling. In the second place, SIPF vigorously proceeded to dispose securities companies' risks and to explore the alternatives for investor compensation. In 2013, SIPF worked to "supervise distribution and facilitate bankruptcy" for 19 bankrupt or disposed but not yet bankrupt securities companies. With rich experience of risk disposal, SIPF was retained by Ping'an Securities as the administrator of Wanfu Biotechnology compensation fund, and provided fair investor relief by advancing compensation prior to recovery and exploring alternative investor protection. In the third place, SIPF gave priority to the official launch of the customer transaction settlement fund monitoring system, fully played its part in monitoring securities companies' risks, effected an all-around dynamic monitoring for small and medium investors, involving 106 million accounts and over RMB600 billion customer deposit, and worked with the relevant departments and branches of CSRC to put in place a supervision coordination mechanism for timely reporting and graded alerting and handling of problems identified in the process of monitoring. In the fourth place, SIPF actively constructed the investor service system to enable small and medium investors to express their demand and to further improve the quality of service. For the present, an investor service system is in place that consists of 12386 hotline, investor survey, CSRC's weibo and weixin and maintains an interactive contact with investors. In the fifth place, fund raising policy was improved and fund management was strengthened so as to cause the protection fund to be properly kept. In 2013, a total of RMB2274 million was raised from the market, and contribution rate was further reduced about 20%, and together with reduction in 2012, it fell by about 60% and substantially alleviated the operating cost of securities companies. At the same time, the differentiated contribution of protection funds from various classes of securities companies was further optimized to encourage the development of outstanding securities companies. In the sixth place, SIPF worked to track securities market that is under reform, development and regulatory transformation, strengthened the study of fundamental issues, used the *Investor Protection Study* as a carrier for the informational exchange with CSRC and relevant authorities, and decided 9 subjects for research, with a focus on building a multi-layered risk management system to accommodate the multi-layered capital market and providing alternatives to safeguard investors' lawful rights. In the seventh place, SIPF made proper arrangements to transfer shares of Essence Securities and to "withdraw from Essence Securities in due time" as promised to the State Council.

Effective operation was achieved through years of diligent efforts. To further consolidate this result and expand its market influence and significance, in 2014, SIPF will gradually cover the entire multi-layered capital market and customer fund of its various innovative businesses and products, monitor overall customer fund, further strengthen customer fund security monitoring, optimize monitoring patterns and alert indicators, enable the monitoring system to fully play its supervisory and statistic role, and play a greater role in monitoring and alerting securities companies' operational risk, credit risk, liquidity risk and the like; SIPF will continue to participate in managing the investor protection fund, summarize experience, formulate proper provisions and mechanisms and strive to become an excellent fund keeper, with an emphasis over incorporating "priority compensation to damaged investors" and the like into the *Measures for the Administration of Securities Investor Protection Fund* and performing investor protection duties; SIPF will continue to handle the remaining risk disposal, improve the existing investor service system, including 12386 hotline, investor survey, investor protection network and so on, and do a better job in reporting investor demand, listening to investors' opinion and providing investor service and education.



Zhuang Mu  
General Manager



## CORPORATE PROFILE

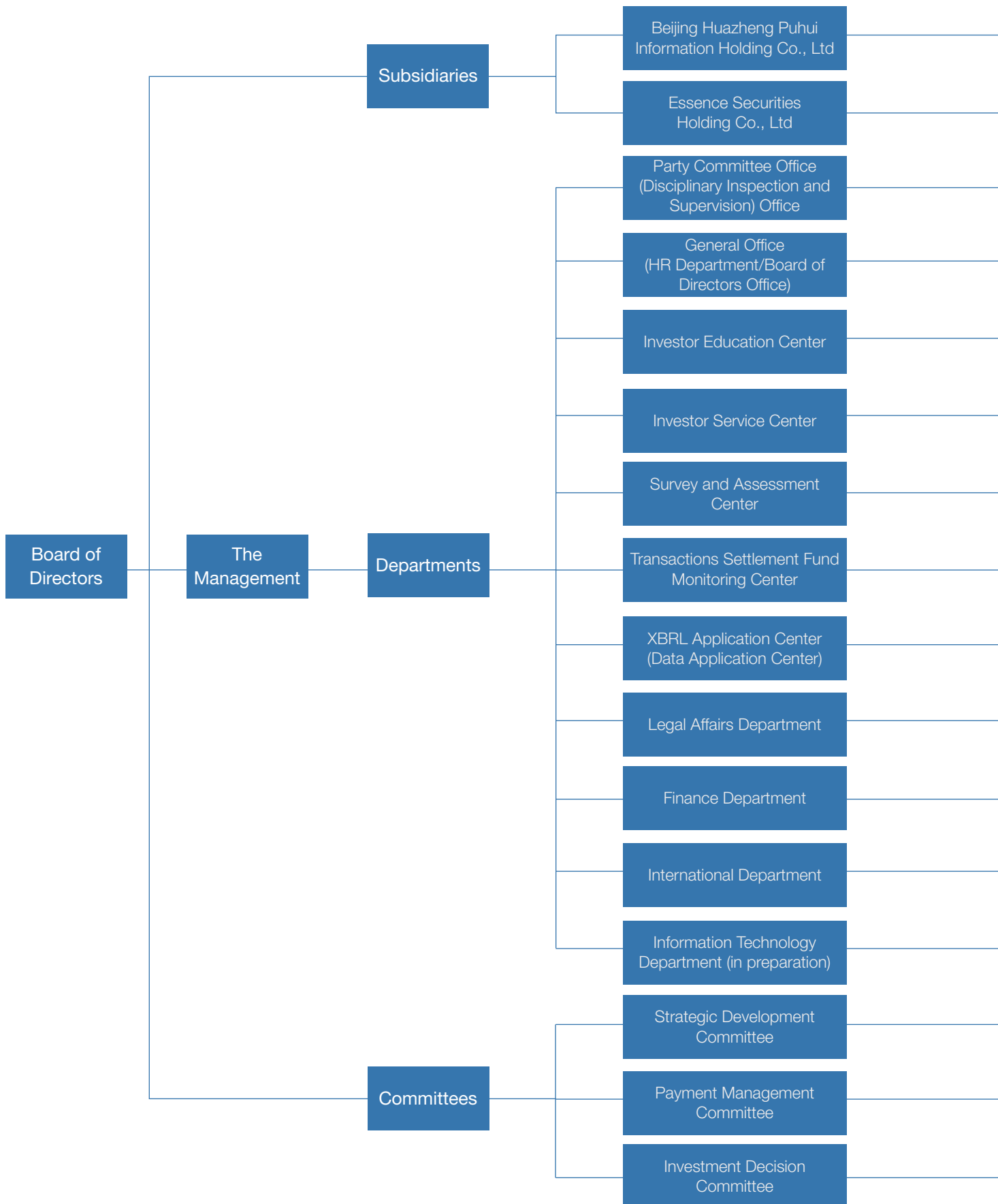
## INTRODUCTION AND ORGANIZATION

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With the approval of the State Council, CSRC, MOF and PBC promulgated the *Measures for the Administration of Securities Investor Protection Fund* (the “Measures”) in June 2005, which provides for the establishment of the wholly state-owned China Securities Investor Protection Fund Corporation Limited (hereafter “SIPF”) and the articles of association of the SIPF. On August 30, 2005, SIPF was registered with the State Administration for Industry and Commerce, with a registered capital of RMB6.3 billion that is provided by the State Council through the MOF. SIPF is subordinate to CSRC.

Decision making is the responsibility of the Board of Directors, and the management is responsible for corporate operation and management. Inside the SIPF there are 11 departments: Party Committee Office (Disciplinary Inspection and Supervision Office), General Office (HR Department/Board of Directors Office), Investor Education Center, Investor Service Center, Survey and Evaluation Center, Transactions Settlement Fund Monitoring Center, XBRL Application Center (Data Information Application Center), Legal Affairs Department, Financial Department, International Cooperation Department, Information Technology Department (in preparation); below the Board of Directors there are Strategic Development Committee, Payment Committee, and Investment Decision Committee; SIPF has 2 subsidiaries: Beijing Huazheng Puhui Information Holding Ltd. And Essence Securities Holding Co., Ltd.





Line of business: Computer system services, data processing and other computer services; basic software, application software and other software services; wholesale and retail of computers, software and ancillary equipment; IT development, information services, investment consulting and e-commerce.

Line of business: Securities brokerage; securities investment consulting; financial consultancy concerning securities transactions and securities investment activities; securities underwriting and sponsorship; proprietary securities business; securities asset management; securities margin trading; and other securities businesses approved by the CSRC.

Responsible for the daily work of the SIPF Party Committee and Discipline Committee, for administrative supervision, and for external publicity.

Responsible for general administrative service, logistics support, HR management, service for the Board of Directors, and subsidiaries management.

Responsible for strategic development & planning, research of important issues, investment of proprietary and protection funds, management and disposal of foreclosed assets, investor education, etc.

Responsible for responding to investor call, planning, managing and maintaining the SIPF website in Chinese and English.

Responsible for investor survey, investor protection assessment, risk assessment, etc.

Responsible for the construction, maintenance, operation, routine monitoring and data processing of the monitoring system, professional assessment of innovative proposals by securities companies, audit and review of risk handling and monitoring by securities companies.

Responsible the planning, construction, operation and maintenance of the XBRL system as well as the SIPF data application.

Responsible for SIPF involvement in the risk disposal of securities companies, legislations related to securities investor protection, SIPF's legal affairs and relevant publicity.

Responsible for accounting & supervision, financial management, preparing, reporting and managing the budgets and accounts, raising protection fund, implementing policies in respect of wage, social insurance, housing provident fund and other welfare benefits, handling taxation matters in accordance with law, formulating and implementing the bank deposit plan, and assuming the routine work of the Payment Committee.

Responsible for international cooperation and exchange, as well as studies in respect of international securities investor protection.

Responsible for the overall planning of information resources and the centralized management of IT systems.

Study and provide proposals, solutions or schemes concerning SIPF's long-term strategic development plan and important matters that may affect SIPF's development.

Formulate remuneration management measures and solutions, and oversee their implementation.

Review SIPF's plans in respect of investment, bank deposit and disposal of foreclosed assets, and inspect the implementation of these plans.

## MAIN FUNCTIONS

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SIFP's main responsibility is to raise, manage and operate the securities investor protection fund; to monitor risks of securities companies and participate in the risk disposition of these companies; to indemnify creditors as required by China's relevant policies in case that a securities company is subject to compulsory regulatory measures, including dissolution, closure, bankruptcy, administrative takeover by CSRC or trustee operation; to organize and participate in the liquidation of the dissolved, closed or bankrupt securities companies; to manage and dispose foreclosed assets and safeguard SIFP's rights and interests; to put forward regulatory and disposal suggestions to CSRC in case a securities company's operation and management have material risks that may damage investor interests and the safety of the securities market; to work with relevant authorities in establishing a rectification mechanism for the potential risks arising in the course of the operation of securities companies.

SIFP will continue to deal with the remaining work in respect of risk disposal of securities companies and earnestly perform its duties of raising, managing and operating the protection fund. On the basis of this, SIFP will go on to improve the system for the monitoring of securities transaction settlement fund and the XBRL system, establish a sound investor protection and service system that consists of investor survey, investor protection assessment, investor education, investor call and the like, actively promote the professional assessment of innovative proposals for securities companies, carry out international exchange and cooperation, study important issues, strengthen IT safeguards and facilitate the establishment and improvement of an effective long-term mechanism to protect capital market investors.



WORK IN 2013 AND PRIORITIES FOR 2014





In 2013, with CSRC's leadership and vigorous support from Ministry of Finance, People's Bank of China and other authorities, SIPF worked in a progressive and vigorous manner to further implement "Two Maintain, One Promote and One Strengthen" and focus on capital market innovation and investor protection. SIPF proposed a five-year development plan, defined the direction of major works, elaborated and forcefully carried out priorities for different phases; earnestly conducted mass-line education and practice, and reinforced work style; effectively carried out various activities and accomplished the work plan formulated at the beginning of the year; and constructed an architecture "that supervises risks of securities firms through a monitoring system, provide ex-post relief to investors through a compensation system, offer an unhindered channel for investor complaint, and take care of the investor protection fund through fund raising and management". Below are details of SIPF performance in 2013 and priorities in 2014:

## PART ONE WORK IN 2013

### I Moved Forward and Made Top-level Design for Strategic Development

In order to "transform functions, innovate regulatory thoughts and shift the focus to strengthening regulatory enforcement and investor protection, especially the lawful rights of small and medium investors" as required by CSRC Party Committee and to become "an investor protection organization in its true sense" as instructed by CSRC Chairman Xiao Gang, SIPF started with capital market's regulation innovation and investor protection to explore and identify its development strategy and functional positioning, and formulated the *SIPF Business Development Strategy Plan 2013-2018* (hereafter "*Development Plan*"), requiring SIPF in the next 5 years "to take its mission to prevent and resolve capital market risks and maintain capital market stability", to learn from foreign counterparts, to have a ex-ante involvement in securities companies' risk management rather than confine itself to post-crisis investor protection, and to dutifully conduct risk monitoring, assessment, resolution and disposal for securities companies in China. SIPF should take it as a strategic task to establish and improve a system to monitor, alert, evaluate, dispose, and effectively prevent and respond to systematic risk of securities companies, focus on securities companies' risk management and protection of investors' lawful rights, clarify its position in the overall securities regulation system and gradually turn itself into



an important component of China's capital market and financial safety net. SIFP's work should always be close to market, regulation and investors, accommodate and adapt to securities market development and securities regulation requirement, and keep reinforcing the width and depth of investor protection.

As for strategic targets, in the long run, SIFP will construct a sound risk management system which consists of the ex-ante risk supervision and evaluation, in-process risk resolution and ex post risk disposal in the next 5 years. In the short and medium term, SIFP will undertake the following in the next 2 years: (1) Effectively monitor securities companies' risks by expanding and upgrade the Monitoring System, improving risk evaluation indicators and constructing a statistics analysis and enquiry system. (2) Establish and improve the Monitoring System's classified alerts and the risk evaluation mechanism for securities companies, set up and improve the special inspection mechanism of safe custody of securities companies' customer fund, and gradually realize effective alert of securities companies' risks. (3) Improve the service system, put in place an unhindered channel for investor demand and keep enhancing investor service quality. (4) Promote further improvement of SIFP-related laws and regulations and expanded the scope of SIFP's function.

## II Defined Main Functions and Interim Priorities

### 1. Actively expanded SIFP functions and sought for investor compensation alternatives.

In the first place, SIFP steadily promoted the amendment of the *Measures for the Administration of Securities Investor Protection Funds* (hereafter "*Measures*") to provide institutional safeguard for the boarding and expansion of its functions. A working group was set up, including personnel from the relevant departments of CSRC (the Department of Intermediary Supervision, the Department of Fund Supervision and the Department of Legal Affairs and others) to conduct a great number of fundamental studies and compile many special report; the draft of the amended *Measures*, notes to the amendment and relevant documents were prepared on the basis of a series of forums and expert meetings, comments from relevant CSRC departments and thorough communication and assessment with CSRC and other authorities concerned; informal communication or discussion was held with NPC Legislative Affairs Commission, General Office and Legal Affairs Office of the State Council, Ministry of Finance and People's Bank of China. At the moment, the draft of the amended *Measures* has been completed and is seeking further comments from Ministry of Finance and People's Bank of China.

In the second place, SIPF earnestly performed its duties as the administrator of the special compensation fund for Wanfu Biotechnology and explored investor compensation alternatives. The case of Wanfu Biotechnology is a bold attempt and for the first time, China securities market resolved a misrepresentation dispute through settlement, and the special compensation fund that was established for this purpose offered an investor protection alternative and fair investor relief by “compensation prior to recovery”. Being an administrator of such special compensation fund for the first time, SIPF attached great importance, made careful arrangements, and set up a team consisting of the special working group, the compensation group and the expert committee to study major issues involved in the compensation scheme and operation and establish the effective working mechanisms to ensure that SIPF could properly handle relevant matters and perform its duties. At last, it only took two months to basically finish the compensation, and investors reaching a settlement agreement and the amount of compensation thus incurred accounted for 95.01% and 99.56% respectively. This effort received full recognition from investors and the industry, provided beneficial experience and helped cultivate the personnel of SIPF.

SIPF also explored institutional investors' participation in the governance of listed companies. In 2013, SIPF attended 15 shareholders' meeting of 9 listed companies whose shares held by SIPF due to asset distribution and recovery for risk disposal, reviewing 91 proposals, questioning about more than 10 proposals, casting a vote of abstention on 1 proposal and voting against 3 proposals and earnestly performed shareholder's rights and obligations for the benefit of investor protection. As a matter of fact, SIPF as a shareholder, through substantial review of relevant proposals, can not only impose certain supervision and check upon listed companies and promote their standardized operation, but also make listed companies respect and communicate with shareholders in a conscious and voluntary manner. In

addition, SIPF co-sponsored an international forum with the Shenzhen bureau of CSRC to learn foreign experience, explore to enable institutional investors to play a positive role in improving investor protection and listed companies' governance, and further push forward major investors to participate in corporate governance and perform their investor protection obligations.



**2. Gave priority to the formal operation of the Securities Transactions Settlement Fund Monitoring System and fully played its part in monitoring risks of securities companies.**

In the first place, the Monitoring system was put into formal operation on April 1, 2013, providing an all-around and dynamic monitoring to 106 million accounts and over RMB600 billion cash deposits of small and medium investors. Major problems that may endanger customer fund security were timely identified and reported, including securities companies' margin shortfall, abnormal quotation and repurchase, asset management plan's fund settlement risk and the like, attracting high attention from regulatory and relevant self-disciplinary authorities and safeguarding the safety of customer funds.

In the second place, SIPF improved the risk monitoring and alert system for securities companies. A mechanism was put in place to provide classified alerts, connect major alerts to securities company classification and apply the results of risk monitoring, and the first-step target was basically

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achieved, that is, effective risk monitoring for securities companies. As of December 31, through coordination with the Department of Intermediary Supervision and regional provincial bureaus of CSRC to “identify, report, alert and handle problems in a timely manner”, SIFP sent a total of 1,225 messages of alert to 34 provincial bureaus of CSRC, involving RMB28,391 million and 90 securities companies, and urged the resolution of large overdraft arising from tax reduction of restricted stocks and other industry-specific problems, timely identified securities companies’ improper operation and internal control, inadequate policy understanding and implementation, technical system defects and other potential risks, and provided important clues for routine regulation.

In the third place, SIFP explored on-site inspection of securities customer assets’ security and established a mechanism to effectively connect remote ex-post monitoring to on-site inspection and enhance the deterrence and effectiveness. SIFP actively expanded the scope of monitoring, supported securities companies’ innovative development, and discussed, planned and designed customer funds monitoring in connection with securities companies’ asset management, asset custody, individual stock option and other operations.

In the fourth place, SIFP strengthened monitoring data analysis and sharing, launched the construction of the statistics enquiry and analysis system, and enhanced the level of data application to better accommodate regulation transformation. It gradually established a system to analyze and report data on a daily, weekly and monthly basis and to a number of recipients so as to better serve regulatory policy makers and investors. Meanwhile, SIFP timely transmitted monitoring data to China Securities Market Statistics and Analysis Center, regularly exchanged data with Shenzhen Stock Exchange, and provided data access and facilitated CSRC’s Enforcement to make investigation.

In the fifth place, SIFP established a system of indicators and innovated risk evaluation of securities companies. It sorted out the laws and regulations in connection with securities industry’s risk management, assessed and analyzed securities industry’s overall risk status, actively promoted the study of risk monitoring for securities companies, and explored risk assessment and a general framework for the management of liquidity risk and systematic risk of securities companies.

**3. Strengthened investor protection & service system construction, cleared the way for small and medium**



investors to express their demand, and further improved the level of service.

In the first place, SIFP constructed and operated CSRC 12386 hotline on the basis of its former call center. This hotline provides a uniform and efficient channel for investor opinions and a bridge of communication between investors and regulatory authorities by combining five investor platforms: call center, CSRC chairman mailbox (operated by SIFP), interactive message, SIFP email and message, and integrating phone-call and internet. As of December 31, the hotline received and handled a total of 13,905 messages, including 6397 for suggestions, accounting for 46.01%, 4190 for consulting, accounting for 30.13%, and 3318 for complaints, accounting for 23.86%, and SIFP (including its legal counsels) directly responded to 12603 messages, accounting for 90.64%. SIFP coordinated with CSRC units to provide uniform answers (which divided into 9 categories) and timely responded to investors' questions and concerns. The mechanism through which SIFP transfers investor opinions proved to have substantially enhanced efficiency of investor opinion feedback. At the same time, through an emergency mechanism co-established with regulatory authorities, SIFP properly handled 28 emergencies, smoothed investors, timely transferred these emergencies to authorities concerned and tracked the whole course of their handling, and prevented the occurrence of mass incidents. As of December 31, the hotline received 20 letters of thanks, and besides, 26 investors called or emailed to indicate that their demands were properly satisfied and request



to withdraw former complaints. In particular, as indicated phone-call records, SIFP resolved improper fees charged by securities investment advisers and assisted investors in recovering over RMB200,000. At present, the hotline proves to be effective in helping investors resolve actual problems and conflicts, contributing to CSRC's "mass-line education and practice" and improving small and medium investor service.

In the second place, SIFP made use of the national database of individual securities investors to carry out investigation and serve regulatory authorities and investors; conducted monthly hot points survey closely tying to relevant policies to provide timely and comprehensive suggestion of investors to regulatory authorities; conducted monthly securities investor confidence survey, with relevant reports being reported to General Office of CSRC on a monthly basis and 2 of them being adopted by General Office of the State Council; expanded investor protection assessment for listed companies, and conducted satisfaction survey for listed companies, regulatory authorities, securities companies and other market players; and conducted securities investor satisfaction survey and a special survey of listed companies' website and hotline construction. Relevant results and reports won praises from CSRC leaders and have become an important means for the provincial bureaus of CSRC to identify problems and urge listed companies to correct them, and an important reference for stock exchanges to carry out routine supervision.

In the third place, a special team was put in place to operate and maintain CSRC's weibo and weixin and turn them into important means of CSRC's publicity. Weibo was put into trial operation on October 15, 2013, and by December 31, a total of 1135 messages were released via Renmin, Xinhua, Sina and Tencent weibo, attracting more than 3.90 million fans. Weixin platform was formally launched on November 29, and by December 31, 17 issues were released, containing 42 messages. Public opinion was

subject to “7\*24” monitoring so as to find out timely and accurate information, to coordinate and timely respond to hot points, to comment online and guide the public opinion. A total of 92 messages were released via weibo, covering a dozen of hot issues, such as Shanghai Free Trade Zone, listed companies’ cash dividend policy, etc., attracting 7170 forwards and 3408 comments.

#### **4. Improved protection fund raising policy, strengthened fund management and acted as good administrator of the protection fund.**

In the first place, SIPF organized relevant discussions and studies and proposed to CSRC to lower securities companies’ contribution rate, and in April 2013, CSRC issued the *Supplementary Provisions for Further Improving Securities Companies’ Contribution to SIPF*, approving SIPF to cut down another 20% on the basis of the reduction in 2012, and the contribution rate fell by about 60% cumulatively and substantially alleviated the operating cost of securities companies. At the same time, the difference between various classes of securities companies was further optimized to encourage the development of outstanding securities companies this year. In 2013, a total of RMB2274 million was raised from the market.

In the second place, without prejudice to fund safety, SIPF preserved and increased the protection fund’s value through elaborate asset management. On one hand, value preservation and appreciation was achieved through optimizing fund-bank deposit structure and the structure and proportion of entrusted investment. By the end of December 2013, the protection fund had a balance of RMB34,546 million and realized an investment income of RMB1,244 million. On the other hand, SIPF safeguarded its interest by subjecting stocks held to market value management, and in 2013, it sold all its shares of ChinaSoft, Inspur and Feida Enviro, realizing an income of RMB171 million and an overall yield of 38.8%.

#### **5. Properly handled the remaining risk disposal for securities companies, and safeguarded the results of risk disposal and the safety of state acquisition fund.**

Firstly, in 2013, SIPF worked to “supervise distribution and facilitate bankruptcy” for 19 bankrupt or disposed but not yet bankrupt securities companies, and Centergate Securities declared bankruptcy, and Zhongfu Securities terminated the bankruptcy proceedings. Secondly, SIPF earnestly performed its duties as a creditor, safeguard the state’s interest and continued to take care of asset distribution and recovery. As of December 31, it recovered a total of RMB411 million. Thirdly, SIPF carefully reviewed acquisition fund applications in connection with disposed securities companies’ activated dormant accounts and single-fund accounts, and as of December 31, 2013, involving RMB13.13 million of acquisition fund appropriated for activated dormant accounts and single-fund accounts and RMB138 million from distribution. Fourthly, SIPF duly recovered RMB295.1 million of frozen customer transactions settlement fund.

### **III Strengthen Subsidiary Management and Properly Transferred Shares of Essence Securities**

#### **1. Made proper arrangements to transfer shares of Essence Securities and to withdraw from Essence Securities in due time as promised to the State Council.**

To ensure the long-term development of Essence Securities and smooth the progress of stock right’s transfer, SIPF working group and Board of Directors convened a number of sessions to discuss the price, pattern and place of transfer, assignees’ qualifications, interests of small and medium investors and other issues, decided to transfer its shares of Essence Securities by public listing on China Beijing Equity Exchange and design a quite adequate and proper scheme for this. On October 14, shares of Essence Securities were listed on Beijing Financial Assets Exchange at RMB5.15 per

share. On November 22, SIPF signed an agreement with State Development & Investment Corporation (SDIC) to transfer 1832 million shares at RMB5.15 per share, equal to 57.254% of total shares of Essence Securities and RMB9436 million, to preserve and increase the value of state-owned assets. Currently, SIPF still holds 827 million shares (accounting for 25.88%) and is the second largest shareholder of Essence Securities.

**2. Strengthened the management of Beijing Huazheng Puhui Information Holding Co., Ltd, and substantially enhanced its capacity for research & development and service.**

In 2013, SIPF adjusted the operation and personnel of Huazheng Puhui Information, provided relevant trainings, and enabled the latter to substantially improve efficiency and service, effectively operate and maintain the Monitoring System, develop and construct the statistics analysis system and facilitate computer room relocation.

**3. Facilitated the preparation for China Securities Information Technology Service Co., Ltd in accordance with CSRC and SIPF requirements.**

In addition to maintaining and managing existing systems, SIPF also active cooperated with the preparation for China Securities Information Technology Service Co., Ltd to ensure the latter's smooth operation transition, effective connection and assist with the transfer of relevant operations and persons.

**IV Earnestly Implement Democratic Centralism, Made Key Decisions for “Three Important and One Major” Matters, and Reinforced standardized and Scientific Governance**

**1. Voluntarily implemented democratic centralism, improved the decision making, supporting and supervisory mechanisms for “Three Important and One Major” matters.**

SIPF insisted on collective leadership, strictly observed the

*Rules of Proceedings for SIPF Party Committee Meetings and the Resolution on Strengthening Party Committee's Self Construction*, and adhered to a combination of collective leadership and individual accountability. SIPF Party Committee discussed and decided important decision, important appointment or removal, important project, large-sum capital operation and the like in accordance with the principle of collective leadership, democratic centralism, separate preparation, and decision through meetings and relevant decision-making procedures. Chairman meeting and GM meeting were regularly held to provide specific measures for problems to be resolved in the course of implementing resolutions adopted by the Board of Directors. SIPF oversaw, inspected the implementation of decisions and priorities and disclosed relevant information through the online platform of “Clean Governance and Risk Control”.

**2. Organized scientific budget and final accounting management and substantially cut down “three public expenses”.**

SIPF organized scientific budget and final accounting management to ensure adequate budget for key operations, and meanwhile, it subjected financial expenses to stricter review and standardization, carefully examined project approval and acceptance, reinforced the management of review procedures, adopted a “zero-tolerance” stance toward nonconforming or prohibited manners, and substantially reduced unnecessary expenses. Through 2013, no financial expenses were incurred in violation of the *Eight-Point Regulation* and provisions for “Three Important and One Major” matters, and “three public expenses” fell by 30.07% and were kept under effective control. To reduce computer room rental, after careful investigation, inspection and comparison, a new site was chosen that has the optimal performance-price ratio and can satisfy the needs of the Monitoring System, and was carefully designed, cleaned and refurbished within a short period of time. Prior to the end of 2013, without interrupting the Monitoring System, 42

special network lines that connect with 20 banks, and 125 equipments, including 8 large equipments, were successfully moved to the new computer room, smooth transition was achieved, and in the next 5 years, SIPF will be able to save over RMB10 million of computer room rental per year.

## V Strengthened the Construction of Talent Team, Party Organization and Style, and Clean Governance

1. Actively strengthened the management team construction in accordance with CSRC requirements, and explored to improve HR management and keep improving the capabilities of the personnel.

SIPF strengthened its leadership and enhanced its cadres' theory and management capacity through various learning sessions; a mechanism was put in place to retain necessary professionals, strengthen open recruitment, optimize team structure, and enhance SIPF performance and provide strong HR support. Currently, SIPF staff totals 66, with 11 recruited in 2013; SIPF strengthened talent cultivation and conducted various trainings and capacity construction activities at home and abroad to enhance its employees' capacity of learning, innovation, service and implementation, and achieved the target of "higher sense of responsibility, improved capacity of implementation, outstanding duty performance and effective three services"; the performance evaluation and incentive mechanism was improved to encourage outperformance, spur poor performance and enhance employees' passion; rules in connection with



employee positions and ranks were amended to further standardize personnel management, strengthen institutional implementation and enhance performance.

2. Reinforced the construction of Party organization, Party Style and Clean Governance.

SIPF resolutely implemented the *Eight-Point Regulation*, CSRC 25-Point requirements and various anti-corruption and clean governance arrangements. It vigorously advocated frugality and simplicity, and started with "four styles" (that is, lean and efficient management, strict frugality, anti-waste and unhindered policy implementation) to form specific measures and carry them out one by one. It earnestly carried out mass-line education and practice, formulated relevant plans, held the mobilization meeting, organized learning activities, listened to various opinions, examined prominent problems of "Four Styles", promoted all-around style construction and rectified style-related problems, and established an effective long-term mechanism to promote clean governance and pragmatism among Party members and cadres.



## PART TWO PRIORITIES FOR 2014

2014 is the first year for the implementation of policies set by the Third Plenary Session of the 18th CPC Central Committee as well as the *Nine-Point Guideline* for investor protection, and it is also crucial for CSRC's regulatory transformation. SIPF will keep improving its awareness of reform, progress, opportunity and responsibility, and under CSRC's correct leadership, start with healthy capital market development investor protection to further rationalize its

functions, make scientific top-level designs and decisions, in particular, further explore the depth and width of “risk monitoring and investor compensation” function, regularize, routinize and institutionalize this statutory function, and plays its part in preventing systematic risk and protecting investors.

### I Refine the Development Plan and Further Rationalize SIPF Functions

1. Refine the Development Plan to accommodate “regulation transformation” and “Nine-Point Guideline for investor protection”.

Overhaul SIPF missions and functions in the course of regulation transformation and investor protection, further adjust and improve the SIPF operation development plan, keep improving SIPF’s capability and level of securities company risk management and investor protection. Meanwhile, it will gradually form four main lines: take the chance of the amendment of the Measures to expand and improve means of investor protection and the function of disposing market players’ risks; make use of the Securities Transactions Settlement Fund Monitoring System to monitor, alert and inspect securities companies’ risks; start with the improvement of 12386 hotline, investigation and survey as well as weixin and weibo platforms to clear the way for investors to express their demand and to serve regulators, market and investors; and properly raise and manage the protection fund and achieve value preservation and appreciation.

2. Conduct special study on the basis of regulation transformation and *Nine-Point Guideline* for investor protection, and provide better theory support for SIPF operation expansion.

Firstly, SIPF shall focus its study on major issues in connection with securities company risk monitoring and alert, innovative investor compensation and risk disposal prior

to asset recovery, investor service system and protection fund raising and management. Secondly, SIPF will cultivate an awareness of risk and crisis and further study investor compensation policy and securities companies’ various risks so as to conduct effective risk monitoring and investor protection. Thirdly, SIPF will exchange and cooperate with international investor protection organizations in accordance with relevant memorandums, and hold “International Securities Investor Protection Conference” to discuss the role of investor protection organizations in the new situation.

### II Deploy Main Operations and Ensure Smooth Progress of Various Priorities

1. Continue to push forward legislation and amendment to provide institutional safeguard for SIPF function expansion.

Firstly, SIPF will continue to promote the amendment of the *Measures for the Administration of Securities Investor Protection Fund*, with an emphasis over prior investor compensation, bailout to securities companies and protection of fund holders, and strive to form a risk management system that subjects securities companies’ risks to ex ante supervision and evaluation, in-process risk resolution and ex post facto risk handling, and meanwhile, SIPF will formulate supporting provisions and detailed implementation rules for new operations. Secondly, SIPF will promote the enactment of the *Regulations on Securities Investor Protection Fund*, and cooperate with authorities concerned to conduct relevant studies and discussions. Thirdly, SIPF will cooperate with the amendment of the *Securities Law*.

2. Improve the functions of the Securities Transactions Settlement Fund Monitoring System, and do the best to assess, monitor, alert and prevent securities companies’ risks.

In the first place, SIPF will improve the functions of the

Securities Transaction Settlement Fund Monitoring System, expand the scope of monitoring, gradually come to monitor the customer fund in connection with various innovative businesses and products on a multi-layered capital market, realize an all-around customer fund monitoring and further reinforce the monitoring of customer fund security.

In the second place, SIPF will enhance the Monitoring System's monitoring capacity, improve and ensure margin deposit safety and risk alert for securities companies, optimize monitoring styles and alert indicators, improve provisions and forms of alert reporting, and reinforce on-site inspection for securities companies to find out data manipulation; SIPF will fully make use of data derived from the Monitoring system to identify problems of common and general nature, and reinforce the Monitoring System's supervision of customer fund's safety and securities companies' operational risk, and strengthen accessory supervisory functions to better serve regulation transformation.

In the third place, SIPF will construct a statistics analysis system that offers general enquiry, reporting, decision making support, data sharing, key incident analysis, monitoring, alert and other functions, explore to establish an alternative mechanism for investor inquiry, and enable the Monitoring System to play a more solid role in regulation transformation and small & medium investor protection.

In the fourth place, SIPF will proceed to construct indicators for securities company's risk evaluation and monitoring, overhaul securities companies' risks, explore the monitoring of securities companies and securities market's major risks, gradually subject securities companies' various risks to scientific assessment, and enable the Monitoring System to play a greater role in "monitoring, alerting and preventing systematic risk".

### **3. Explore the establishment of a multi-layered compensation system to better protect investors' interest.**

Firstly, SIPF will continue to actively participate in the

management of special investor compensation fund, act as a good administrator, enable small and medium investors to receive full compensation in a timely and convenient manner, keep summarizing experience and formulate working rules and mechanisms accordingly. Secondly, SIPF will work to put in place a mechanism of prior compensation, explore convenient and efficient reliefs for small and medium investors, and in case any specific infringement occurs, in the first place, it will use the protection fund to compensate investors, and then, it will try to recover from relevant parties. Thirdly, SIPF will keep improving the national compensation system that arises from risk disposal for securities companies, including the conditions, scope, objects and limits of compensation.

### **4. Improve the protection fund raising and management and ensure its value preservation and appreciation as well as timely collection.**

In the first place, SIPF will continue to collect protection fund contribution, enable the protection fund raising and reporting system to fully play its role, complete advance collection and settlement of securities companies' contribution for 2013, further improve fund collection efficiency and accuracy, calculate new applicable rates on the basis of securities company classification 2014, carry out ex-ante contribution for 2014 and ensure that the protection fund is duly collected and received.

In the second place, the protection fund will realize value preservation and appreciation through strategic asset allocation and elaborate bank deposit management. SIPF will properly raise the volume of entrusted investment, and strengthen the management of entrusted assets and various assets management plans through public recruitment, on-site inspection, NAV tracking, regular reports provided by managers and custodians as well as investment performance reports; further enhance the yield and achieve elaborate bank deposit management through a combination of different types and terms of bank deposit; strengthen

the study and research in respect of received stocks, pay close attention to the operation and stock price of relevant listed companies, timely prepare a plan for and propose the disposal so as to maximize the value of received stocks.

Meanwhile, SIPF will actively participate in the corporate governance of 6 listed companies, strengthen their shareholder self-awareness, perform duties as a shareholder through proposal, enquiry and voting, promote corporate governance and ensure shareholders' rights and interests. Meanwhile, SIPF will accumulate experience as an investor of listed companies, acquire first-hand information with respect of the impact of relevant policies on listed companies and investors, and to some extent enable the regulatory reform to be well based, and earnestly facilitate the transformation of capital market regulation.

#### **5. Reinforce the investor protection and service system construction and clear the way for investors to express their demand.**

Firstly, SIPF will improve 12386 hotline, and study hotline operation data to provide reference to regulatory authorities and to better serve investors. It will do the best to construct a special call reporting system on the basis of the 12386 hotline, and extend the hotline as a channel for investor to express their demand. It will implement the Nine-Point Guideline for investor protection, voluntarily conduct innovation, and construct a securities information search system on the basis of SIPF website to timely update CSRC's answers to hot issues and policy & regulation interpretations and to facilitate investor education and service. It will take care of routine hotline management and operation, strengthen operator team construction and training, oversee and improve transfer procedures and substantially raise the rate of response to investor enquiry. It will carefully handle

statistics analysis and reporting and explore to retain outside experts to study investor behaviors.

Secondly, SIPF will start with investor demand to expand the scope, objects and ways of and enable survey and assessment to play a full role in the process of regulation transformation. SIPF will fully make use of its investor database, continue to survey and release the securities investor confidence index and assess listed companies' investor protection, and cooperate with regulatory authorities to conduct special investor surveys on the basis of hot issues and find out investor demand; SIPF will extend its survey, adopt phone-call, mobile phone and other means to form a diverse and dynamic survey system, explore the application of survey data, subject survey results to an integrated application, and study the ways and means for participating in CSRC administrative license survey.

Thirdly, SIPF will carefully operate and maintain CSRC weibo and weixin, interact with investors and respond to hot issues, broaden the horizon and strengthen positive instruction for public opinion, track, study and duly introduce SIPF official weibo and weixin platforms.

Besides, SIPF will combine the hotline, survey & assessment, weixin, weibo and SIPF website resources, share investor messages and answers, explore relevant data, study and analyze hot issues, investor behaviors and the like, and provide solid data support for understanding investor demand, formulating investor protection policy, providing investor service and conducting investor education.

#### **6. Properly handle the remaining risk disposal for securities companies, and safeguarded the results of risk disposal and the safety of state acquisition fund.**

Firstly, SIPF will properly examine and appropriate funds for

acquisition fund applications in connection with disposed securities companies' activated dormant accounts and single-fund accounts. Secondly, it will continue to "supervise distribution and facilitate bankruptcy", take care of compensation payment, actively push forward bankruptcy proceedings for disposed securities companies, and in H1 2014, about 4 securities companies may be able to terminate their bankruptcy proceedings, and so, there will be about 10 securities companies with bankruptcy being terminated. Thirdly, SIPF will continue to duly recover customers' frozen transactions settlement fund. Fourthly, SIPF will summarize its experience in disposing securities company risks, improve relevant provisions and mechanisms, study and formulate an emergency plan for securities company risk disposal.

### **III Continue to Implement Democratic Centralism, Improve Decisions for "Three Important and One Major" Matters and Reinforce Standardized and Scientific Governance**

1. Continue to strictly implement democratic centralism and observe the decision making, supporting and supervisory mechanisms for "Three Important and One Major" matters.

SIPF will adhere to collective leadership, strictly observe relevant provisions, insist on a combination of collective leadership and individual accountability, discuss and decide important decision, important appointment or removal, important project, large-sum capital operation and the like in accordance with relevant decision-making procedures, and continue to oversee, inspect the implementation of decisions and priorities and disclose relevant information through the online platform of "Clean Governance and Risk Control".

2. Continue to conduct scientific budget and final accounting management and reinforce the results of the cut-down of "three public expenses".

SIPF will further strengthen budget management, supervise budget and final accounting in a more scientific and elaborate manner, prepare scientific final accounting for 2013 and the budget for 2014; continue to reinforce and standardize financial expense review, carefully examine project approval and acceptance, keep "three public expenses" under strict control, and subject various expenses to scientific management.

### **IV Continue to strengthen team and the construction of Party organization, and consolidate the results of the mass-line**

SIPF will continue to strengthen leadership construction, enhance political, professional and managerial qualifications, improve and ensure the effectiveness of its various provisions, and handle its persons and affairs with rules and provisions. SIPF will further strengthen team construction, make open recruitment, carry out "advice to SIPF" and similar activities to enhance employees' collective consciousness and sense of responsibility, further improve employees' operation and implementation capacity and enhance SIPF's overall force. SIPF will strengthen corporate culture construction, and consolidate employee consensus and cohesion. SIPF will strengthen Party construction, and earnestly carry out various matters in connection with Party style and clean governance. It will continue to implement various requirements of "Mass-Line Education and Practice", rectify problems thus identified, consolidate the results of such education and practice activities and prevent the resurgence of "Four Styles".





## IMPORTANT MEETINGS AND ACTIVITIES OF THE COMPANY IN 2013



## CSRC CHAIRMAN XIAO GANG VISITED SIPF

On December 24, 2013, CSRC Chairman Xiao Gang visited SIPF and talked with members of SIPF Party Committee.

Chairman Xiao listened to Party Secretary Liu Hongtao reporting on SIPF positioning, operation and team construction in a context of capital market regulation transformation and thorough implementation of the *Opinions Concerning Further Strengthening the Protection of Lawful Rights of Small and Medium Capital Market Investors* promulgated by the General Office of the State Council, heard Zhuang Mu, Ma Donghao, Zhang Xiaowei and other members reporting on their respective work, discussed with them about investor protection, 12386 hotline construction, operation and transmission, improvement of investor compensation mechanism and the like, and carefully listened to their comments and suggestions.

Chairman Xiao also inspected the securities transactions settlement fund monitoring system, listened to the briefing of its functions in respect of customer fund security protection, securities company risk alert and routine regulation assistance, and required SIPF to strengthen monitoring risks of securities companies and fund companies.

Encouraged by Chairman Xiao's visit and speech, accordingly, SIPF will overhaul its tasks and duties in the course of regulation transformation and investor protection, further adjust and improve its operation development strategies and plans and keep enhancing its ability in handling risks of securities companies and protecting investors' lawful rights, and at the same time, it will gradually form four main lines of operations: take the chance of the amendment of the *Measures for the Administration of Securities Investor Protection Funds* to expand and improve investor compensation alternatives and handling of market players' risks; start with the customer securities transactions settlement fund monitoring system to monitor, alert and inspect securities companies' risks; start with the improvement of 12386 hotline, survey & assessment system as well as weixin and weibo platform to enable investors to express their demand and to serve regulation, market and investor; properly raise and manage the protection fund and preserve and increase the value of the protection fund. SIPF is dedicated to building an investor protection organization in its true sense that "consists of strict risk monitoring, unhindered appeal channel, sound compensation mechanism and adequate service function".



## SIFP HELD THE 1ST SESSION OF THE FIFTH EXPERT COMMITTEE AND WANFU BIOTECHNOLOGY INVESTOR COMPENSATION FORUM

On July 11, 2013, SIFP held the 1st Session of the Fifth Expert Committee and Wanfu Biotechnology Investor Compensation Forum in Beijing, which was attended by 19 experts from NPC Legislative Affairs Commission, Legal Affairs Office of the State Council, Ministry of Finance, CSRC Department of Legal Affairs, CSRC Investor Protection Bureau, Shanghai Stock Exchange, Shenzhen Stock Exchange, China Securities Depository and Clearing Corporation, universities, securities companies, law firms and accounting firms. SIFP briefed its performance in 2013 and future plan, and experts fully recognized SIFP's activities in 2013 and considered it as a statutory and quasi-governmental investor protection organization and playing an important role in the investor protection system.

SIFP also briefed its activities as the administrator of Special Compensation Fund for Wanfu Biotechnology Investor (hereafter "Special Compensation Fund"). The experts praised its efforts and deemed this as a successful attempt for the CSRC to implement investor protection and being proved to be effective and well-received. They pointed out, special compensation fund, by substantially reducing energy and cost for safeguard of investor's rights, was an innovative alternative for investor protection and a specific representation of SIFP performing its social responsibilities, and could satisfy the demand of capital market development and investor protection an accommodate "protection of lawful rights of small and medium investors" as required by central government authorities.

## SIPF SUCCESSFULLY TRANSFERRED 57.254% OF SHARES OF ESSENCE SECURITIES

In 2006, in order to cope with regulatory resource shortfall for risk disposal of securities companies and structural contradiction with respect to the trusteeship of securities companies, CSRC submitted a special request to the state Council and upon being approved, SIPF contributed RMB1500 million, setting up Essence Securities as a special platform for market-based risk disposal, which had successfully handled a number of high-risk securities companies. In September 2012, upon being approved by CSRC, SIPF, as a provisional stockholder, decided to transfer its shares of Essence Securities in a market-based manner.

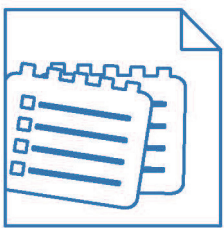
SIPF has attached great importance to this transfer, set up a task force headed by top executives, and assigned relevant departments to handle specific matters. The transfer was formally launched in September 2012, and as of December 27 of 2013, SIPF had transferred 57.254% of shares of Essence Securities (amounting to RMB9435.5

million) to State Development & Investment Corporation (SDIC). After one year and four months of careful organization, considerate arrangement and various coordination and promotion, SIPF had successfully handled matters in connection with the transfer of shares of Essence Securities.

The transfer has followed the principle of transparent terms and results, market-based price and lawful process, strict abidance of provisions in respect of the transfer of state-owned financial assets and public listing on Beijing Financial Assets Exchange. Along the entire process, SIPF has tried to ensure the rights of other shareholders, operation team stability and normal and orderly operation of Essence Securities, and the results of transfer were fully recognized by related parties, and received wide attention and positive comments from the public.

Currently SIPF still holds 25.881% of shares of Essence Securities.





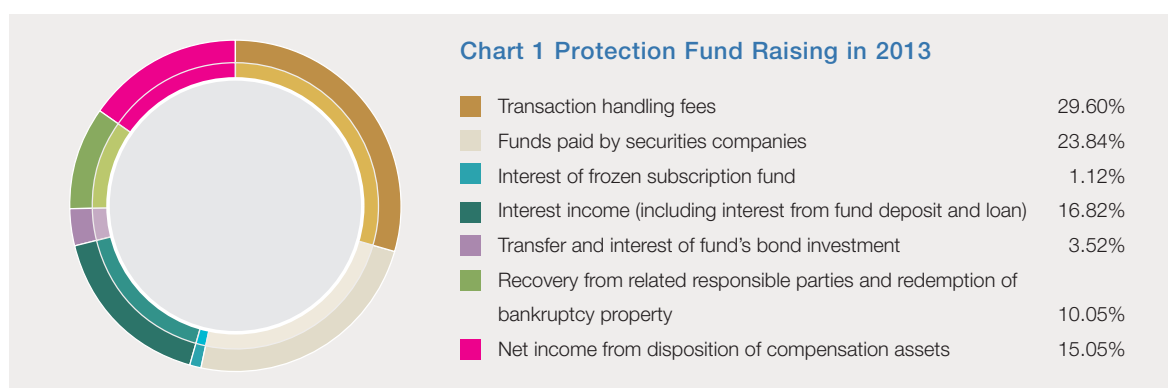
## STATISTICAL FORMS

## 6.1 STATISTICAL SUMMARY

### [Protection fund raising and using]

In 2013, RMB4027.8 million was raised, including RMB1192.2 million from transaction handling fees, accounting for 29.60%; RMB960.1 million from funds paid by securities companies, accounting for 23.84%; RMB45.3 million from the interest of frozen subscription fund, accounting for 1.12%; RMB677.3 million of interest income (including interest from fund deposit and loan), accounting for 16.82%; RMB141.6 million from the transfer and interest of fund's bond investment, accounting for 3.52%; RMB404.9 million from recovery from related responsible parties and redemption of bankruptcy property, accounting for 10.05%; and RMB606.4 million from assets recovered, accounting for 15.05%.

In 2013, SIPF accumulatively had used a net amount of RMB-203.4 million, including RMB-250.5 million of net appropriation for risk disposal fund (RMB13.3 million for risk disposal fund, RMB0.2 million refunded to dormant accounts and single-fund accounts, RMB263.7 refunded by relevant commercial banks, and RMB47.2 million for other expenses).



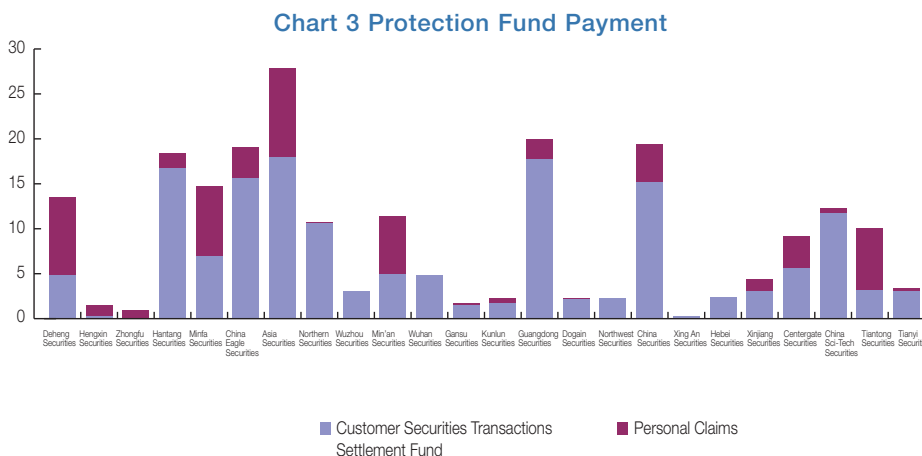
### [Category of securities company and handed-in fund]

In 2013, securities companies had paid RMB960.1 million to SIPF in accordance with percentages set by the CSRC, including RMB373.4 million from securities companies of category AA, RMB199.7 million from securities companies of category A, RMB193.1 million from securities companies of category BBB, RMB80.1 million from securities companies of category BB, RMB46.2 million from securities companies of category B, RMB26.2 million from securities companies of category CCC, RMB19.6 million from securities companies of category CC, and RMB21.8 million from securities companies of category C.



**[Protection fund payment]**

By the end of December 2013, SIFP had paid a total of RMB22,520.5 million to 24 disposed securities companies, including RMB16,265 million to fill the gap of customer securities transactions settlement fund, accounting for 72.22%, and RMB6,255.5 million to acquire personal claim, accounting for 27.78%.



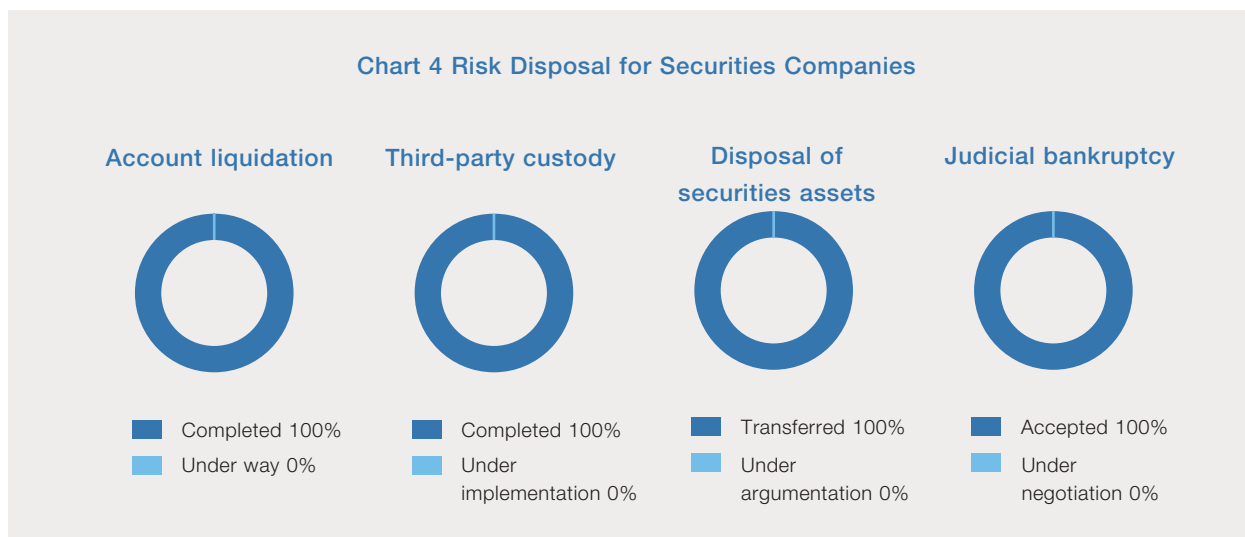
**[Risk disposal]**

Account liquidation: by the end of December 2013, account liquidation had been finished for 24 disposed securities companies, accounting for 100% (24 companies, the same as below).

Third-party custody: by the end of December 2013, third-party custody had been completed for 24 disposed securities companies, accounting for 100%. All 624 business offices had been networked.

Securities assets disposal: by the end of December 2013, the transfer of securities assets had been finished for 24 disposed securities companies.

Judicial bankruptcy: by the end of December 2013, the bankruptcy cases of 24 disposed securities companies (accounting for 100%) had been accepted by competent courts.



### **[Accounts and personal creditors related to appropriated protection fund]**

By the end of December 2013, RMB16,265 million had been used to fill the gap of clients' securities transaction settlement fund (including that of dormant and single-fund accounts), covering 9,675,710 normal brokerage accounts; RMB6,255.5 million had been used to acquire personal claim, involving 61310 personal creditors.

### **[Dormant and single-fund accounts of disposed securities companies]**

By the end of December 2013, 24 securities companies had reported RMB450 million and RMB66.1 million respectively for dormant accounts and single-fund accounts on the date of disposal.

### **[Acquisition of clients' securities transaction settlement fund]**

By the end of December 2013, based on the account liquidation result for disposed securities companies, RMB16,528.9 million was necessary to fill the gap of clients' securities transaction settlement fund, including RMB516.1 million from dormant and single-fund accounts for which no appropriation was made for the moment; SIPF had appropriated RMB16,168.8 million to fill the gap of clients' securities transaction settlement fund (not including the acquisition fund for dormant and single-fund accounts), and the surplus had been returned, amounting to RMB119.6 million.

### **[Basic information of creditor's rights]**

By the end of December 2013, 26 securities companies had entered into bankruptcy proceedings. SIPF was the largest creditor for 20 companies and the creditor committee chairman for 19 companies.

Formally declared SIPF claims totaled RMB25,263.1 million, and pre-declared claims amount to RMB2,927.7 million.

### **[Payment of SIPF claims]**

By the end of December 2013, 22 securities companies had been subject to bankruptcy asset distribution. SIPF had received RMB3,515.9 million in cash (including RMB5 million managed on behalf of the MOF) and stocks of ten companies as well as two stocks on behalf of the MOF.

### **[Special audit]**

By the end of January, formal audit reports had been issued for clients' securities transaction settlement fund of 24 disposed securities companies, and 22 companies had been provided a formal audit report on personal claim.

### **[Investor call]**

From January 1 to September 5 of 2013, the former call center had received a total of 11088 messages from investors, including 1185 for operation consulting, accounting for 10.68%, 269 for policy consulting, accounting for 2.42%, 3806 for reporting complaints and offenses, accounting for 34.33%, 3419 for suggestions, accounting for 30.84%, and 2409 for criticism, accounting for 21.73%.

On September 6, 2013, CSRC 12386 hotline was launched for trial operation, and by December 31, 2013, the hotline had received a total of 13905 messages from investors through phone-call and internet, including 4190 for consulting, accounting for 30.13%, 3318 for complaints, accounting for 23.86%, and 6397 for suggestions, accounting for 46.01%.



6.2 Business Report | Table 1 Protection Fund Raising and Using

Item	Line	2013	2012	Item	Line	2013	2012
I Re-lending from the People's Bank of China							
1. Balance of re-lending deposit at the beginning of 2013	1	-	-	3. Fund using in 2013	17	-2,034	39,052
2. Re-lending obtained throughout 2013	2	-	-	(1) Appropriation fund for risk disposition	18	-2,506	-1,342
3. Net interest income from re-lending deposit	3	-	-	(2) Bond issuance expenses	19		
4. Re-lending utilized in 2013 (minus: the amount returned)	4	-	-	(3) Payment of bond interest payable	20		
5. Balance of re-lending at the end of 2013 (5=1+2+3-4)	5	-	-	(4) Payment of bond principal payable	21		
				(5) Interest payment for PBC re-lending	22		
				(6) Principal payment for PBC re-lending	23		
II Fund raised by SIFP				(7) Cost expense of bond investment	24	40,000	
				(8) Other expenses	25	0,472	0,394
1. Balance of fund deposit at the beginning of 2013	6	207,052	202,806	4. Fund balance at the end of 2013 (26=6+7-17)	26	249,364	207,052
2. Fund raised in 2013	7	40,278	43,298	III SIFP bond issuance			
(1) Transaction handling fees	8	11,922	13,813	1. Balance of deposit of bond issuance at the beginning of 2013	27		
(2) Fund paid by securities companies	9	9,601	14,343	2. Revenue from bond issuance	28		
(3) Interest of frozen subscription	10	0,453	4,192	3. Fund used for bond issuance in 2013	29		
(4) Acceptance of donation	11			4. Balance of deposit of bond issuance at the end of 2013 (30=27+28-29)	30		
(5) Interest income (including fund deposit and loan interest)	12	6,773	4,341	IV Total fund raising and using			
(6) Transfer and interest revenue from funds' bond investment	13	1,416	2,168	1. Balance at the beginning of 2013 (31=1+6+27)	31	207,052	202,806
(7) Compensation income from related responsible parties and redemption of bankruptcy property	14	4,049	4,371	2. Fund raised in 2013 (32=2+3+7+28)	32	40,278	43,298
(8) Net income from disposition of compensation assets	15	6,064		3. Fund used in 2013 (33=4+17+29)	33	-2,034	39,052
(9) Other incomes	16		0,070	4. Balance at the end of 2013 (34=31+32-33)	34	249,364	207,052

## 6.2 Business Report | Table 2 Classification and Fund Payment of Securities Company

Classification result	Number of securities companies	Proportion of payment (%)	Accumulative amount paid in 2013
A	AAA		
	AA	0.50%	3.734
	A	0.50%	1.997
B	BBB	0.75%	1.931
	BB	0.75%	0.801
	B	0.75%	0.462
C	OCC	1.00%	0.262
	CC	1.00%	0.196
	C	1.00%	0.218
D			
TOTAL	114		9.601

- Notes:
1. Securities companies that have not received the result of classification are not included;
  2. Classification results refer to those that have been officially confirmed by the CSRC;
  3. Proportion of payment refer to the proportion that is approved by the CSRC for the company to pay the fund to SIFP based on its operation income.

## 6.2 Business Report | Table 3 Issuance of the Protection Fund by SIFP

S/N	Company disposed	Using PBC re-lending to issue the protection fund		Using market-raised fund to issue the protection fund	
		Clients' securities transaction settlement fund	Personal claims	Clients' securities transaction settlement fund	Personal claims
1	Deheng Securities	5.075	7.319		1.732
2	Hengxin Securities	0.278	0.979	0.033	0.260
3	Zhongfu Securities		0.825		0.106
4	Hantang Securities	17.520	1.349		0.389
5	Minfa Securities	7.008	8.021	0.298	0.0002
6	China Eagle Securities	15.983	2.727	0.275	0.916
7	Asia Securities	17.500	10.088	1.252	0.242
8	Northern Securities	11.070	0.0004		0.068
9	Wuzhou Securities	3.068		0.179	
10	Min'an Securities	4.950	6.603	0.207	0.087
11	Wuhan Securities	4.908	0.045	0.106	
12	Gansu Securities	1.518	0.234	0.004	0.022
13	Kunlun Securities	1.749	0.688		
14	Guangdong Securities	17.897	2.289	0.671	0.010
15	Dogain Securities	2.290	0.009	0.029	0.010
16	Northwest Securities	2.344			
17	China Securities	14.428	3.774	1.453	0.630
18	Xing'an Securities	0.292	0.013	0.009	
19	Hebei Securities	2.433	0.050	0.048	
20	Xinjiang Securities	2.929	1.295	0.288	
21	Centergate Securities	5.250	3.746	0.570	
22	China Sci-Tech Securities	11.848	0.459	0.441	0.019
23	Tiantong Securities	2.714	7.209	0.550	0.037
24	Tianyuan Securities	3.185	0.304		0.0002
	<b>TOTAL</b>	<b>156.237</b>	<b>58.027</b>	<b>6.413</b>	<b>4.528</b>

Note: As from July 3 of 2008, SIFP will use market-raised fund to acquire personal claims of disposed securities companies and make up the shortfall of the clients' transaction settlement fund.

6.2 Business Report | Table 4 Basic Information of Risk Disposition of Securities Companies

SN	Company disposed	Time of disposition	Leading institution	Number of business offices	Trustee company	Administrative liquidation institution (Liquidation group)	Special audit institution	Account liquidation	Third-party custody		Securities asset disposal		Judicial bankruptcy		Remarks	
									Status	Number of online company	Status	Transferee	Status	Competent court		Announcement date
1	Deheng Securities	8-Sep-04	Shanghai Commissioner Office	14	Huorong Company	Huorong Company	China Audit Asset Pacific Certified Public Accountants Co., Ltd. (CACPA)	Completed	Completed	14	Transferred	Huorong Securities	Accepted	Shanghai No. 1 Intermediate People's Court	9-Nov-07	
2	Hengxin Securities	8-Sep-04	CSRC Hunan Office	7	Huorong Company	Huorong Company	CACPA	Completed	Completed	7	Transferred	Huorong Securities	Accepted	Changsha Intermediate People's Court	21-Aug-07	
3	Zhongli Securities	9-Sep-04	Shanghai Commissioner Office	13	Shanghai Securities	East Associates	Nanjing Mine Public Accounting Firm	Completed	Completed	13	Transferred	Shanghai Securities	Accepted	Shanghai No. 2 Intermediate People's Court	17-Sep-07	Capital Airport withdraws from reorganization
4	Henzang Securities	8-Sep-04	CSRC Shenzhen Office	22	CINDA	CINDA	Xiamen Tianjin Huatan Accountants' Firm	Completed	Completed	22	Transferred	CINDA Securities	Accepted	Shenzhen Intermediate People's Court	7-Sep-07	
5	Minfa Securities	16-Oct-04	CSRC Fujian Office	29	Orient Company	Orient Company	Xiamen Tianjin Huatan Accountants' Firm	Completed	Completed	29	Transferred	Dongyang Securities	Accepted	Fuzhou Intermediate People's Court	18-Jul-08	
6	China Eagle Securities	14-Jan-05	Shenzhen Commissioner Office	31	Changjiang Securities	CACPA	CACPA	Completed	Completed	31	Transferred	Changjiang Securities	Accepted	Shenzhen Intermediate People's Court	24-Jan-06	
7	Asia Securities	29-Apr-05	Shanghai Commissioner Office	48	Huatai Securities	Beijing JinCheng TongDa & Neil Law Firm	CACPA	Completed	Completed	48	Transferred	Huatai Securities	Accepted	Shanghai No. 2 Intermediate People's Court	31-May-07	
8	Northern Securities	27-May-05	CSRC Shanghai Office	20	Orient Securities	Shanghai Lixin Changliang Certified Public Accountants	CACPA	Completed	Completed	20	Transferred	Orient Securities	Accepted	Shanghai No. 2 Intermediate People's Court	12-Mar-07	
9	Wuzhou Securities	10-Jun-05	CSRC Henan Office	7	Donghai Securities	Beijing Zhongyinyu CPA	Beijing Zhongyinyu CPA	Completed	Completed	7	Transferred	Donghai Securities	Accepted	Luoyang Intermediate People's Court	4-Sep-06	
10	Min'an Securities	10-Jun-05	CSRC Guangdong Office	17	Guosun Securities	Beijing King & Wood Law Firm	Beijing Zhongyinyu CPA	Completed	Completed	17	Transferred	Guosun Securities	Accepted	Guangzhou Intermediate People's Court	30-Nov-07	
11	Wuhan Securities	5-Aug-05	CSRC Hubei Office	25	Guangfa Securities	Beijing Forever Law Firm	Wuhan Zhonghuan CPA	Completed	Completed	25	Transferred	Guangfa Securities	Accepted	Wuhan Intermediate People's Court	11-Jan-08	
12	Garua Securities	26-Aug-05	CSRC Gansu Office	9	Haitong Securities	Beijing Laused & Titan Law Firm	Deloitte Touche Tomatsu CPA Ltd	Completed	Completed	9	Transferred	Haitong Securities	Accepted	Lanzhou Intermediate People's Court	7-Dec-07	
13	Kunlun Securities	21-Oct-05	CSRC Qinghai Office	5	Everbright Securities	Guaraco Law Firm	Shenzhen Dahua Tiancheng CPA	Completed	Completed	5	Transferred	Everbright Securities	Accepted	Xining Intermediate People's Court	11-Nov-06	
14	Guangdong Securities	4-Nov-05	Shenzhen Commissioner Office	58	Essence Securities	CACPA	CACPA	Completed	Completed	58	Transferred	Essence Securities	Accepted	Guangzhou Intermediate People's Court	2-Jan-08	
15	Dogan Securities	25-Nov-05	CSRC Beijing Office	13	Guoyuan Securities	Beijing Lantern Law Firm	Beijing Xinghua CPA	Completed	Completed	13	Transferred	Guoyuan Securities	Accepted	Beijing No. 1 Intermediate People's Court	15-Sep-07	
16	Northwest Securities	9-Dec-05	CSRC Ningxia Office	20	Nanjing Securities	JinZaiJun Law Office	Xiamen Tianjin Huatan Accountants' Firm	Completed	Completed	20	Transferred	Nanjing Securities	Accepted	Yichuan Intermediate People's Court	11-Jan-07	
17	China Securities	16-Dec-05	Beijing Municipal Government	87	Nil	CINDA	CACPA	Completed	Completed	87	Transferred	CITIC Securities	Accepted	Beijing No. 2 Intermediate People's Court	31-Jul-08	
18	Xing'an Securities	30-Dec-05	Shanghai Commissioner Office	23	Haitong Securities	Beijing Dacheng Law Firm	Xiamen Tianjin Huatan Accountants' Firm	Completed	Completed	23	Transferred	Haitong Securities	Accepted	Harbin Intermediate People's Court	18-Oct-07	
19	Hebei Securities	13-Jan-06	CSRC Hebei Office	38	Guangfa Securities	Bess & Young Law Firm	Zhongdian Huazheng CPA Co., Ltd.	Completed	Completed	38	Transferred	Guangfa Securities, Caida Securities	Accepted	Shijiazhuang Intermediate People's Court	24-Jul-07	
20	Xineng Securities	17-Feb-06	CSRC Ningxia Office	24	Hongyuan Securities	Huazheng CPA Co., Ltd.	Huazheng CPA Co., Ltd.	Completed	Completed	24	Transferred	Hongyuan Securities	Accepted	Urumchi Intermediate People's Court	26-Feb-08	
21	Centrabank Securities	24-Feb-06	Shenzhen Commissioner Office	14	Essence Securities	Beijing JinCheng TongDa & Neil Law Firm	Beijing Xinghua CPA	Completed	Completed	14	Transferred	Essence Securities	Accepted	Beijing No. 1 Intermediate People's Court	7-Sep-07	

6.2 Business Report | Table 4 Basic Information of Risk Disposition of Securities Companies

SN	Company disposed	Time of disposition	Leading institution	Number of business offices	Trustee company	Administrative liquidation institution (Liquidation group)	Special audit institution	Account liquidation	Third-party custody		Securities asset disposal		Judicial bankruptcy		Remarks		
									Status	Number of online company	Status	Transferee	Status	Competent court		Announcement date	
22	China Sci-Tech Securities	24-Feb-06	Shenzhen Commissioner Office	23	Essence Securities	Beijing Zhongyongyu CPA	Beijing Zhongyongyu CPA	Completed	Completed	23	Transferred	Essence Securities	Accepted	Beijing No.2 Intermediate People's Court	7-Sep-07		
23	Tianrong Securities	17-Mar-06	CSRC Shenzhen Office	57	Oil Securities	Shenzhen Provincial Government	Beijing Jinghu CPA Co., Ltd.	Completed	Completed	57	Transferred	Oil Securities	Accepted	Jinan Intermediate People's Court	15-Jan-08		
24	Tianyi Securities	7-Jul-06	CSRC Ningbo Office	20	Everbright Securities	Beijing Zhongyongyu Law Firm	Shanghai Lun Chenglong CPA Co., Ltd.	Completed	Completed	20	Transferred	Everbright Securities	Accepted	Ningbo Intermediate People's Court	30-Sep-07		
Others	China Southern Securities	2-Jan-04	CSRC Shenzhen Municipal Government	74	Administrative takeover group	Shenzhen Municipal Government	Deloitte Touche Tomatsu CPA Ltd.	Completed	Completed	74	Transferred	China Investment Securities	Accepted	Shenzhen Intermediate People's Court	16-Aug-06		
	Liaoning Securities	22-Oct-04	PBC	21	CNDA	N/A	-	Completed	Completed	21	Transferred	CNDA Securities	-	-	-	Compromise	
	Capital-Bridge Securities	24-Mar-06	CSRC Shaanxi Office	12	Western Securities	Beijing King & Wood Law Firm	-	Completed	Completed	12	Transferred	Western Securities	Accepted	Xi'an Intermediate People's Court	5-Apr-07	No insolvency	
	Datong Securities	30-Apr-06	CSRC Dept of Intermediary Supervision	19	Bankruptcy & Reorganization Group	N/A	-	Completed	Completed	19	-	-	Accepted	Dalian Intermediate People's Court	30-Apr-06	Bankruptcy & reorganization	
	First Securities	2-Jun-06	CSRC Guangzhou Office	16	Guangfa Securities	N/A	-	Completed	Completed	16	Transferred	Guangfa Securities	-	-	-	Converted into an industrial corporation	
	Jiutan Securities	19-Oct-06	Shenzhen Commissioner Office	16	Merchants Securities	Beijing Hantuo Law Firm	CACPA	Completed	Completed	16	Transferred	Merchants Securities	-	-	-	Compromise	
	CFCO Securities	24-Nov-06	CSRC Jiangsu Provincial Government	9	Hengta Securities	N/A	-	Completed	Completed	9	Transferred	Xinfa Securities	-	-	-	Converted into an industrial corporation	

Note: As for "Others", PBC re-lending will be directly provided to China Southern Securities and Liaoning Securities, with no cost to be borne by SIFP; no re-lending is provided for Capital-Bridge Securities, Daton Securities, First Securities, Jiutan Securities and CFCO Securities.

6.2 Business Report | Table 5 The Number of Accounts &amp; Individual Creditors Involved in Appropriated Protection Fund

S/N	Company name	Number of general accounts	Number of regular brokerage accounts	Number of dormant & single-fund accounts	Gap filled for clients' transaction settlement fund	Number of clients with acquired personal claim	Appropriation for acquisition of personal claim (part borne by central government)
1	Deheng Securities	172,719	168,165	49,329	5,075	1,214	9,050
2	Hengxin Securities	65,622	64,724	17,129	0.311	76	1,239
3	Zhongfu Securities	66,501	66,087	-	-	53	0.932
4	Hantang Securities	320,538	301,378	98,366	17,520	365	1,739
5	Mirfa Securities	523,500	516,879	175,011	7,307	7,579	8,022
6	China Eagle Securities	402,481	400,941	132,173	16,258	7,585	3,643
7	Asia Securities	651,589	648,509	202,852	18,751	15,100	10,329
8	Northern Securities	227,609	223,590	38,517	11,070	12	0,068
9	Wuzhou Securities	145,441	142,753	46,504	3,247	-	-
10	Min'an Securities	163,873	161,945	71,895	5,157	5,571	6,689
11	Wuhan Securities	421,026	406,929	175,448	5,013	34	0,045
12	Gansu Securities	105,995	104,825	45,995	1,521	755	0,257
13	Kunlun Securities	134,635	133,390	73,155	1,749	779	0,688
14	Guangdong Securities	940,358	933,636	376,061	18,569	373	2,299
15	Dogain Securities	137,684	121,851	21,151	2,318	3	0,019
16	Northwest Securities	151,495	147,840	34,331	2,344	-	-
17	China Securities	1,910,170	1,898,444	460,722	15,881	5,727	4,404
18	Xing'an Securities	269,931	269,426	82,447	0.301	2	0,013
19	Hebei Securities	678,588	675,368	117,417	2,481	10	0,050
20	Xinjiang Securities	298,112	297,249	75,371	3,218	3,277	1,295
21	Centergate Securities	129,301	128,076	35,685	5,821	3,375	3,746
22	China Sci-Tech Securities	362,209	360,678	168,209	12,289	788	0,478
23	Tiantong Securities	1,392,014	1,308,065	343,791	3,263	8,581	7,246
24	Tianyi Securities	199,543	194,964	75,196	3,185	53	0,305
	TOTAL	9,870,934	9,675,712	2,916,755	162,650	61,312	62,555

Notes: 1. Data listed above are collected on the basis of account liquidation reports of securities companies;

2. There is not need for Zhongfu Securities to apply for acquisition of the shortfall of client's transaction settlement fund, and no need for Wuzhou Securities and Western Securities to apply for the acquisition of personal claims.

## 6.2 Business Report | Table 6 Dormant Accounts and Single-fund Accounts of Disposed Securities Companies

Unit: RMB10,000

S/N	Company name	Dormant account balance on the date of disposition	Single-fund account balance on the date of disposition	Acquisition cost payable as of the acceptance of bankruptcy application
1	Deheng Securities	1,275.40	334.12	1,652.82
2	Hengxin Securities	220.49	15.31	241.40
3	Zhongfu Securities	-	-	-
4	Hantang Securities	1,513.11	171.95	1,724.03
5	Minfa Securities	2,459.72	306.50	2,859.47
6	China Eagle Securities	4,418.87	551.72	5,012.72
7	Asia Securities	2,284.47	313.10	2,653.87
8	Northern Securities	883.20	185.33	1,080.44
9	Wuzhou Securities	2,074.19	6.68	2,113.97
10	Min'an Securities	1,057.96	31.98	1,118.97
11	Wuhan Securities	1,859.76	724.45	2,632.02
12	Gansu Securities	448.57	76.62	534.71
13	Kunlun Securities	964.61	150.44	1,118.82
14	Guangdong Securities	5,342.39	721.09	6,167.92
15	Dogain Securities	443.83	118.01	569.61
16	Northwest Securities	288.79	60.02	352.11
17	China Securities	5,435.98	588.73	6,170.63
18	Xing'an Securities	1,356.37	157.36	1,538.14
19	Hebei Securities	1,569.96	121.37	1,863.10
20	Xinjiang Securities	2,357.02	110.68	2,497.49
21	Centergate Securities	902.29	82.49	997.25
22	China Sci-Tech Securities	2,522.18	180.29	2,736.41
23	Tiantong Securities	4,621.10	1,017.96	5,742.67
24	Tianyi Securities	702.02	585.88	1,300.29
	TOTAL	45,002.27	6,612.08	52,678.86

- Notes:
1. Zhongfu Securities has no gap for clients' securities transaction settlement fund to be acquired by the government, and data of its dormant & single-fund accounts are not available.
  2. For Hantang Securities, acquisition fund related to dormant & single-fund accounts has not yet been returned, and the amount depends on the actual returned.

## 6.2 Business Report | Table 7 Acquisition of Clients' Securities Transaction Settlement Fund

S/N	Company Name	Amount approved by the State Council	Gap of acquisition fund	Amount appropriated	Amount returned	Balance of dormant & single-fund accounts	Amount not yet appropriated after excluding dormant & single-fund accounts	Remarks
			1	2	3	4	5=1-4-(2-3)	
1	Deheng Securities	7.440	5.144	5.075		0.161	-0.092	Refund is subject to the examination of competent authorities
2	Hengxin Securities	0.000	0.326	0.302		0.024	0.000	
3	Zhongfu Securities	1.660	0.000	0.000		0.000	0.000	
4	Hantang Securities	24.310	17.520	17.520		0.169	-0.169	Refund is subject to the examination of competent authorities
5	Minfa Securities	11.350	7.555	7.278		0.277	0.000	
6	China Eagle Securities	18.160	16.005	15.983	0.475	0.497	0.000	
7	Asia Securities	23.260	19.011	18.751		0.260	0.000	
8	Northern Securities	11.480	11.142	11.070	0.035	0.107	0.000	
9	Wuzhou Securities	4.130	3.073	3.068	0.203	0.208	0.000	
10	Min'an Securities	5.760	5.134	5.121	0.096	0.109	0.000	
11	Wuhan Securities	5.806	5.236	4.977		0.258	0.000	
12	Gansu Securities	0.660	1.574	1.521		0.053	0.000	
13	Kunlun Securities	1.740	1.762	1.749	0.098	0.112	0.000	
14	Guangdong Securities	18.730	19.063	18.457		0.606	0.000	
15	Dogain Securities	1.840	2.374	2.318		0.056	0.000	
16	Northwest Securities	2.560	2.264	2.344	0.012	0.035	-0.115	
17	China Securities	16.080	16.404	15.802		0.602	0.000	
18	Xing'an Securities	2.550	0.453	0.301		0.151	0.000	
19	Hebei Securities	3.690	2.354	2.433	0.249	0.169	0.000	
20	Xinjiang Securities	3.970	3.465	3.218		0.247	0.000	
21	Centergate Securities	6.840	5.908	5.809		0.098	0.000	
22	China Sci-Tech Securities	16.220	12.493	12.223		0.270	0.000	
23	Tiantong Securities	5.030	3.747	3.183		0.564	0.000	
24	Tianyi Securities	5.030	3.285	3.185	0.029	0.129	0.000	
	TOTAL	198.296	165.289	161.688	1.196	5.161	-0.375	

- Notes:
1. For companies other than those with full appropriation, "gap of acquisition fund" refers to data of the previous period, and the accurate amount is uncertain until the final audit report is issued.
  2. Since "gap of acquisition fund" is not yet determined, "amount not yet appropriated after excluding dormant & single-fund accounts" is just an estimate;
  3. "Amount appropriated" does not include the acquisition fund appropriated for dormant & single-fund accounts;
  4. "Amount returned" refers to the surplus of acquisition fund returned to SIPF by disposed securities companies (the principal);
  5. For companies other than those with full appropriation, "amount not yet appropriated after excluding dormant & single-fund accounts" does not include the interest for the gap of clients' securities transaction settlement fund.
  6. The negative "amount not yet appropriated after excluding dormant & single-fund accounts" is mainly due to the fact that acquisition fund has been appropriated to these companies prior to the promulgation of the policy in respect of dormant & single-fund accounts, which are not excluded.



6.2 Business Report | Table 8 Basic Information of Creditor's Rights of SIFP

S/N	Bankrupted company	Bankruptcy court	Bankruptcy administrator	Amount approved by the State Council	Officially declared claim	Predeclared claim	Largest creditor or not		Creditor committee chairman or not	Remarks
							Y/N	Y/N		
1	Deheng Securities	Shanghai No.1 Intermediate People's Court	7 units, including Hiaorong Shanghai Office, Shanghai Commissioner Office	21.62	16.100	6.076	Y	N	N	
2	Hengxin Securities	Changsha Intermediate People's Court	Hiaorong Changsha Office	2.09	1.718	2.176	N	N	N	
3	Zhongtu Securities	Shanghai No.2 Intermediate People's Court	Gaopeng & Partners	3.75	1.045	-	N	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
4	Hanfang Securities	Shenzhen Intermediate People's Court	Zhonglun Law Firm	27.25	20.392	0.172	Y	Y	Y	
5	Minfa Securities	Fuzhou Intermediate People's Court	China Orient AMC, Zhonglun Law Firm, Luxin CPA Co., Ltd.	21.04	14.922	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
6	China Eagle Securities	Shenzhen Intermediate People's Court	Zhonglun Law Firm, etc.	22.21	20.249	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
7	Asia Securities	Shanghai No.2 Intermediate People's Court	Beijing Jincheng Tongda & Neal Law Firm	39.14	30.797	8.471	Y	Y	Y	
8	Northern Securities	Shanghai Intermediate People's Court	Shanghai Luxin Chengjiang Certified Public Accountants	13.03	11.553	-	Y	Y	Y	
9	Wuzhou Securities	Luoyang Intermediate People's Court	Beijing Hairun Law Firm	4.23	3.120	-	Y	Y	Y	
10	Milai Securities	Guangzhou Intermediate People's Court	Beijing King & Wood Law Firm	6.66	12.895	1.901	Y	Y	Y	
11	Wuhan Securities	Wuhan Intermediate People's Court	Beijing Forever Law Firm, JunZeLun Law Offices, Wuhan Zhongxin Law Firm, BDO International Wuhan Zhonghuan CP	5.89	5.062	0.824	N	Y	Y	
12	Gansu Securities	Lanzhou Intermediate People's Court	Gansu Pacific Law Firm	0.89	1.819	0.101	N	N	N	Termination is judged by the court.
13	Kunlun Securities	Xining Intermediate People's Court	Guantao Law Firm	2.60	2.406	0.098	Y	Y	Y	
14	Guangdong Securities	Guangzhou Intermediate People's Court	China Audit Asia Pacific CPA Co., Ltd.	21.73	21.443	1.438	Y	Y	Y	
15	Dogain Securities	Beijing No.1 Intermediate People's Court	Beijing Lantern Law Firm	1.90	2.349	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
16	Northwest Securities	Yinchuan Intermediate People's Court	JunZeLun Law Offices, Fang He Yuan Law Firm	2.69	2.241	0.333	Y	Y	Y	
17	China Securities	Beijing No.2 Intermediate People's Court	CNDA-AMC	19.88	21.217	0.848	Y	Y	Y	
18	Xing'an Securities	Harbin Intermediate People's Court	Beijing Daecheng Law Firm	2.79	0.319	-	N	N	N	Full repayment is made, the administrator will not withdraw for the remaining SIFP claims.
19	Hebei Securities	Shijiazhuang Intermediate People's Court	Beijing King & Wood Law Firm, Hebei Same & Shidal Law Firm	3.70	2.242	-	Y	Y	Y	Full repayment is made, the administrator will not withdraw for the remaining SIFP claims.
20	Xinjiang Securities	Urumchi Intermediate People's Court	Beijing Wei Heng Law Firm	5.71	4.555	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
21	Centegrate Securities	Beijing No.1 Intermediate People's Court	Beijing Jincheng Tongda & Neal Law Firm	12.19	9.972	2.088	Y	Y	Y	
22	China S&T Tech Securities	Beijing No.2 Intermediate People's Court	ShineWing CPA	17.18	12.998	0.116	Y	Y	Y	
23	Tiantong Securities	Jinan Intermediate People's Court	Tianduo Law Firm	16.22	11.151	0.463	Y	N	N	
24	Tianyuan Securities	Ningbo Intermediate People's Court	Beijing Zhongwen Law Firm, Xesin CPA	7.92	3.511	4.142	Y	N	N	
Others	China Southern Securities	Shenzhen Intermediate People's Court	Beijing King & Wood Law Firm	102.24	15.746	-	Y	Y	Y	RMB16.6 million of principal and interest is declared on behalf of the MOF. The termination is judged by the court.
	Xinhua Securities	Changchun Intermediate People's Court	Beijing King & Wood Law Firm, Jilin Zhengji Law Firm	3.00	2.829	-	N	N	N	Act as a creditor as authorized by the CSRC
	TOTAL				252.631	29.277				

Note: For China Southern Securities, the amount approved by the State Council includes RMB1500 million grant from the State treasury.

## 6.2 Business Report | Table 9 Payment of SIFP Claims

S/N	Bankrupted company	Confirmed amount of claims	Estimated payment		Claims already paid				Remarks	
			Minimum	Maximum	Cash paid	Stocks paid				Actual repayment ratio
						Name	Number	Value		
1	Deheng Securities	16.100	0.41%	0.57%						
2	Hengxin Securities	1.718	1.66%	2.53%	0.022			1.41%		
3	Zhongfu Securities	1.045	29.92%	34.89%	0.307			29.42%		
4	Hantang Securities	20.392	43.10%	50.00%	2.156	Stock 1	18,609,302	1.727	46.70%	
						Stock 2	9,408,047	1.472		
						Stock 3	6,516,319	1.028		
						Stock 4	9,044,917	1.901		
						Stock 5	3,428,113	0.533		
5	Minfa Securities	14.922	63.01%	65.00%	2.998	Stock 1	14,008,381	3.506	63.01%	
						Stock 2	7,559,899	2.695		
6	China Eagle Securities	20.249	26.51%	30.00%	5.368			26.51%		
7	Asia Securities	30.797	12.00%	15.00%	2.446			8.00%		
8	Northern Securities	11.533	10.00%	15.00%						
9	Wuzhou Securities	3.120	3.71%	18.16%	0.125			4.24%		
10	Min'an Securities	12.895	12.61%	14.00%	1.626			12.61%		
11	Wuhan Securities	5.062	7.70%	10.75%	0.379			7.54%		
12	Gansu Securities	1.819	3.63%	5.59%	0.087			4.80%		
13	Kunlun Securities	2.406	2.32%	8.87%	0.083			3.31%		
14	Guangdong Securities	21.443	15.05%	16.00%	3.228			15.05%		
15	Dogain Securities	2.349	3.56%	3.56%	0.084			3.56%		
16	Northwest Securities	2.241	23.30%	28.00%	0.236	Stock 1	2,708,541	0.290	22.29%	
17	China Securities	21.217	20.00%	33.23%	3.382			16.00%		
18	Xing'an Securities	0.319	100.00%	100.00%	0.315			100.00%	Paid off completely with acquisition and declared interest appropriated by SIFP	
19	Hebei Securities	2.242	100.00%	100.00%	2.236			100.00%		
20	Xinjiang Securities	4.555	13.50%	23.00%	0.797			17.50%		
21	Centergate Securities	9.972	15.55%	23.95%						
22	China Sci-Tech Securities	12.998	15.08%	25.00%	2.494			19.19%		
23	Tiantong Securities	11.071	12.31%	21.79%	1.661			15.00%		
24	Tianyi Securities	3.511	10.00%	30.00%	0.354			10.00%		
Others	China Southern Securities	15.580	62.00%	70.00%	4.725	Stock 1	8,474,964	2.048	66.40%	Assets managed on behalf of the MOF
		0.166				Stock 2	32,625,414	3.572		
	2.829		Stock 1	90,406	0.022					
		Xinhua Securities					Stock 2	348,032		
TOTAL		252.551			35.159			18.832		

- Notes:
1. The value of stocks paid is equal to the per-share price set by the court in the distribution plan multiplied by the number of stocks to be paid.
  2. Estimates of SIFP claims have been adjusted on the basis of the actual distribution, so that data provided above are more consistent with the actuality of securities companies concerned.

## 6.2 Business Report | Table 10 Basic Information of Special Audits

S/N	Company disposed	Special audit institution (Public accounting firm)	Issuance of formal audit report			
			Client securities transaction settlement fund	Date of audit report	Personal claim	Date of audit report
1	Deheng Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	8-Sep-05	Formal report already issued	2-Jun-10
2	Hengxin Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	24-Apr-07	Formal report already issued	11-Nov-07
3	Zhongfu Securities	Shenzhen Nanfang Minhe Public Accounting Firm	Formal report already issued	8-Aug-07	Formal report already issued	29-Oct-06
4	Hantang Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	10-Jun-05	Formal report already issued	10-Jun-05
5	Minfa Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	23-Sep-05	Formal report already issued	20-Dec-04
6	China Eagle Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	30-Jun-05	Formal report already issued	1-Aug-08
7	Asia Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	10-Oct-05	Formal report already issued	28-Dec-08
8	Northern Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	28-Aug-05	Formal report already issued	15-Dec-06
9	Wuzhou Securities	Beijing Zhongxingyu Certified Public Accountants	Formal report already issued	27-Sep-05	(No personal claim)	-
10	Min'an Securities	Beijing Zhongxingyu Certified Public Accountants	Formal report already issued	6-Aug-07	Formal report already issued	27-Aug-07
11	Wuhan Securities	BDO International Wuhan Zhonghuan Certified Public Accountants	Formal report already issued	10-Jan-06	Formal report already issued	20-Apr-06
12	Gansu Securities	Deloitte Touche Tohmatsu CPA Ltd	Formal report already issued	16-Jan-06	Formal report already issued	21-Mar-06
13	Kunlun Securities	Shenzhen Dahua Tiancheng Certified Public Accountants	Formal report already issued	28-Mar-06	Formal report already issued	28-May-06 and 8-Dec-06
14	Guangdong Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	25-Dec-06	Formal report already issued	6-May-08
15	Dogain Securities	Beijing Xing Hua Certified Public Accountants	Formal report already issued	5-Feb-07	Formal report already issued	31-Jul-06
16	Northwest Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	20-Mar-06	(No personal claim)	-
17	China Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	30-Apr-07	Formal report already issued	18-Oct-08
18	Xing'an Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	16-Apr-07	Formal report already issued	29-May-07
19	Hebei Securities	Zhongtian Huazheng Certified Public Accountants Co., Ltd.	Formal report already issued	25-May-06	Formal report already issued	5-Mar-08
20	Xinjiang Securities	Huazheng CPA Co., Ltd.	Formal report already issued	31-Jan-07	Formal report already issued	30-Sep-06
21	Centergate Securities	Beijing Xing Hua Certified Public Accountants	Formal report already issued	5-Feb-07	Formal report already issued	27-Sep-07
22	China Sci-Tech Securities	Beijing Zhongxingyu Certified Public Accountants	Formal report already issued	31-Jan-07	Formal report already issued	29-Nov-06
23	Tiantong Securities	Beijing Jingdu Certified Public Accountants Co., Ltd.	Formal report already issued	29-Mar-07	Formal report already issued	20-Jun-07
24	Tianyi Securities	Shanghai Lixin Changjiang Certified Public Accountants Co., Ltd.	Formal report already issued	1-Feb-07	Formal report already issued	1-Feb-07

- Notes: 1. Date of audit report refers to the assigned date on the audit report.  
2. The date for some audit reports refer to the date for the audit of the latest applications.

## 6.2 Business Report | Table 11 List of Disposed Securities Companies

S/N	Abbreviation	Full Name
1	China Southern Securities	China Southern Securities Co., Ltd.
2	Deheng Securities	Deheng Securities Co., Ltd.
3	Hengxin Securities	Hengxin Securities Co., Ltd.
4	Zhongfu Securities	Zhongfu Securities Co., Ltd.
5	Hantang Securities	Hantang Securities Co., Ltd.
6	Minfa Securities	Minfa Securities Co., Ltd.
7	China Eagle Securities	China Eagle Securities Co., Ltd.
8	Asia Securities	Asia Securities Co., Ltd.
9	Northern Securities	Northern Securities Co., Ltd.
10	Wuzhou Securities	Wuzhou Securities Co., Ltd.
11	Min'an Securities	Min'an Securities Co., Ltd.
12	Wuhan Securities	Wuhan Securities Co., Ltd.
13	Gansu Securities	Gansu Securities Co., Ltd.
14	Kunlun Securities	Kunlun Securities Co., Ltd.
15	Guangdong Securities	Guangdong Securities Co., Ltd.
16	Dogain Securities	Dogain Securities Brokerage Co., Ltd.
17	Northwest Securities	Northwest Securities Co., Ltd.
18	China Securities	China Securities Co., Ltd.
19	Xing'an Securities	Xing'an Securities Co., Ltd.
20	Hebei Securities	Hebei Securities Co., Ltd.
21	Xinjiang Securities	Xinjiang Securities Co., Ltd.
22	Centergate Securities	Centergate Securities Co., Ltd.
23	China Sci-tech Securities	China Sci-tech Securities Co., Ltd.
24	Tiantong Securities	Tiantong Securities Co., Ltd.
25	Tianyi Securities	Tianyi Securities Co., Ltd.
26	Jutian Securities	Jutian Securities Co., Ltd.
27	Liaoning Securities	Liaoning Securities Co., Ltd.
28	Capital-Bridge Securities	Capital-Bridge Securities Co., Ltd.
29	Datong Securities	Datong Securities Co., Ltd.
30	First Securities	First Securities Co., Ltd.
31	CIFCO Securities	CIFCO Securities Brokerage Co., Ltd.
32	Xinhua Securities	Xinhua Securities Co., Ltd.

## 6.2 Business Report | Table 12 Statistics of Securities Investor Call (Data of Former Call Center)

S/N	Category	Quantity	Proportion	Response (Treatment)	Remarks
1	Suggestions	3419	30.84%	3419	
2	Complaints & reports	3806	34.33%	3806	
3	Criticism	2409	21.73%	2409	
4	Policy consulting	269	2.42%	269	
5	Operation consulting	1185	10.68%	1185	
TOTAL		11088	100%	11088	

Note: from January 1 to September 5 of 2013

## 6.2 Business Report | Table 13 Statistics of CSRC 12386 Hotline

S/N	Category	Quantity	Proportion
1	Suggestions	6397	46.01%
2	Complaints	3318	23.86%
3	Consultations	4190	30.13%
TOTAL		13905	100%

Note: from September 6 to December 31 of 2013

## 6.3 GLOSSARY

**1. Content of Statistics:** Including disposal process of the disposed securities companies, the raising, management and use of the protection fund, the categories of securities companies and handed-in funds, the right to indemnity of claim of SIPF, special audit, and intermediary institutions participated into the risk disposal, and investor interaction, and etc.

**2. Scope of Statistics:** Among the 31 securities companies that have been disposed since 2004, 24 needed protection fund appropriation from SIPF to fill the funding gap for settlement of the securities transaction with their clients and for purchasing the personal claims from their clients. China Southern Securities and Liaoning Securities were appropriated with direct re-loan from the People's Bank of China, but no balance was assumed by SIPF. Capital-Bridge Securities, Daton Securities, First Securities, Jutian Securities and CIFCO Securities did not use the protection funds. Therefore, here the so-called "all disposed securities companies" refer to the 24 disposed securities companies related to SIPF, while China Southern Securities, Liaoning Securities, Daton Securities, Capital-Bridge Securities, First Securities, Jutian Securities and CIFCO Securities are excluded.

The disposal of China Southern Securities used RMB1.5 billion from the central government special funds. December 25, 2003, there was RMB259.6 million used by the disposal of Xinhua Securities from stock market special compensation funds. The statistical data of related disposed securities companies excluded those 24 securities companies is included in the relevant form "Others" item for reference.

**3. Error:** The figure calculation was rounded off. Due to the rounded-off errors, the sum of the subitem figures might not be equal to the total.

**4. Monetary Unit:** Unless specified, the monetary unit shall all be the RMB100 million.

**5. Clients' Securities Transaction Settlement Funds:** The funds deposited by the clients of securities brokerage into the special account of securities transaction settlement funds so as to guarantee a full settlement, as well as all received funds on sales from portfolio (after deduction of brokerage fee commission and other justifiable expenditure), acquired dividends, cash dividends, bond interests and all acquired interests from the funds mention above.

**6. Personal Claim:** The claim against the financial institution generated when a client, in his own name, opens an accounts or carries out transactions of financial products with real funds invested under a legally established financial institution (here refers to a securities company, same as below). The personal claim does not include the one against the financial institution generated when an individually-owned business individual proprietorship enterprise, individual partnership enterprise, or etc, opens an account or carries out transactions of financial products.

**7. Investor Call:** The mechanism of investor call is established by SIPF in order to actively respond to the demand of investors and enhance the communication with investors.

**8. Acquisition of Personal Claim by the Central Government:** According to the requirements of such policies as the *Acquisition Opinions on Personal Claim and the Clients' Securities Transaction Settlement Funds* shall be the responsibility of the central government. The central government is responsible for 90% of the acquisition funds for the personal claim, and the rest 10% shall be raised respectively by the provincial and municipal governments where the headquarters of financial institutions, branches, and the service outlets are located. However, the central government is responsible for the acquisition of all appropriated securities funds of the normal brokerage clients. The acquisition of personal claim by the central government hereto refers to the central government's responsibility in contribution of capital for purchasing personal claims, but do not included those contributed by local governments.

**9. Re-lending:** The re-lending directly borrowed in the name of SIPF from the People's Bank of China as the advance payment for the initial capital source of the securities investors protection funds including the part of the re-lending issued by branches of the People's Bank of China that has been handed over to SIPF.

**10. Issuance of the Protection Funds:** The protection funds issued by SIPF directly to the custody and clearing institutions of the disposed securities companies including the part of the issued loans by the branches of the People's Bank of China that has been handed over to SIPF.

**11. Account Liquidation:** The basic aim of the account liquidation is to provide foundation for re-loan application, the third-party custody, asset liquidation, and investigation

over the responsible persons. Its scope of liquidation includes: (1) all accounts opened (in the system) in the over-the-counter transaction system by the securities companies; (2) the accounts opened (outside the system) in the over-the-counter transaction system by the securities companies and their affiliated parties under the third-party financial institution; (3) the specified account for the securities transaction settlement funds of clients and deposit reservation for balance account opened by the securities companies in banks and clearing houses. The liquidation scope of the brokerage accounts mainly includes the fund accounts opened by the brokerage clients in the system, and that of non-brokerage accounts includes the fund accounts inside and outside the system.

**12. Third-party Custody:** It refers to the bank custody, which is based on a strict management separation of the client securities from the fund according to the principal of "Securities Company manages securities and Commercial Bank manages funds". It builds up a separation wall between the securities company and its clients. Thus the securities companies are responsible for the client's securities transaction, share management and calculation of the difference of purchases and sales by the clients according to the transaction settlement data of the securities registration company. While the commercial banks are responsible for the transferring of funds from clients' transaction settlement accounts, cash deposit and withdrawal and fund settlement among the securities companies and securities registration companies and clients. They also take such directions from the securities as to pay interest, to appropriate commissions, etc.

**13. Securities Asset Disposal:** The disposal of securities assets indicates physical assets required by investment banking of the securities companies or maintaining normal function of the securities brokerage for clients, which includes physical assets and necessary transaction seats of those departments in securities exchanges, brokerage, IT, liquidation center, machinery room, operation maintenance and other relevant ones. Those assets that are not directly concerned with investment banking of the securities companies or maintaining normal function of the securities brokerage, such as real estates, automobiles, credit worthiness, deferred assets, self-trading securities, self-possessed funds and etc, are not involved in the disposal scope. The detailed scope shall be determined by the liquidation team.

**14. General Account:** The accounts which are included in the account liquidation scope of disposed securities companies are opened in the transaction system of disposed

securities companies and other securities companies.

**15. Normal Brokerage Account:** The funds in brokerage accounts belong to securities transaction settlement funds of clients. According to the requirements of such policy as *Acquisition Opinions, Administration Measures*, the securities transaction settlement funds of client indicate funds deposited by the clients of securities brokerage into the accounts of securities companies so as to guarantee a full settlement, as well as all received funds on sales from portfolio ( after deduction of brokerage commission and other justifiable expenditures ), acquired dividends, cash dividends, bond interests, and all acquired interests from the funds mention above.

**16. Dormant Account:** Dormant account is an account which satisfies the following conditions. Both securities account and fund account are completely included. No transactions and cash deposit and withdrawal had been carried out during the last three years before settlement date. Besides, the clients can not be touched and no clients assert rights until accepted announcement date of bankruptcy.

**17. Single Fund Account:** It is an account without corresponding securities account on the settlement date and no clients assert rights until accepted announcement date of bankruptcy.

**18. Account Balance:** The amount balance on the settlement date.

**19. Right to indemnity of claim:** The claim of SIPF against the disposed securities company, which is formed when a securities company is rescinded, closed, and goes to bankruptcy, or is under mandatory supervision measures such administrative take-over or trusteeship management by CSRC, and after the protection fund is used to purchase the personal claims and fill the funding gap of the securities transaction settlement funds of clients in accordance with the state's policies concerned.

The special fund of RMB15 billion used by China Southern Securities is paid to SIPF who has the right of subrogation. And special compensation fund of securities market of RMB259.6 million used by Xinhua Securities is also paid to SIPF, who has the right of subrogation.

**20. Accepted indemnity of claim:** The behavior of legal bankruptcy liquidation upon a disposed securities company and property distribution of SIPF with the acquisition of the right to indemnity of claim against the disposed securities company.

**21. Deadline of statistics:** December 31, 2013.



CHRONICLE IN 2013





JANUARY	<p>January 9, 2013, printed and issued the <i>Notice on Formal Launching the Collection Account Filing Function of the Interactive Platform of the Monitoring System</i> (ZhengBaoFa No.2013-03).</p> <p>January 11, 2013, <i>CSRC Application for 123XX Public Service Hotline</i> was approved by the MIIT, and the number assigned as 12386.</p> <p>January 31, 2013, printed and issued the <i>Notice on Switching to the Filing Function of Relevant Accounts of the Customer Transactions Settlement Fund Monitoring System and Other Matters</i> (ZhengBaoHan No.2013-17), and completed the formal switch of relevant functions of the No.3 Decree system to the monitoring system.</p> <p>January 23, completed the switch of four internet channels (include message and email) of CSRC website and SIPF website to the 12386 hotline system.</p>
FEBRUARY	<p>February 22, published on China Securities Journal an article titled “With a Focus on Prevention, SIPF Actively Explores to Move Forward Risk Management”.</p>
MARCH	<p>March 1, 2013, released the <i>Comprehensive Survey of China Securities Investors 2012</i>.</p> <p>March 16, 2013, completed the website section for “March 15 Securities Investor Protection”.</p> <p>March 21, 2013, issued the <i>Key Points for Party Style and Clean Governance Construction in 2013</i>.</p> <p>March 22, 2013, Beijing Communications Administration issued the <i>Notice on Approving CSRC to Use 12386</i>.</p> <p>On the same day, SIPF issued <i>Relevant Provisions for Reducing the Number of Meetings and Relevant Provisions for Practising Strict Economy and Combating Extravagance and Waste</i>.</p>
APRIL	<p>April 1, 2013, Securities Transactions Settlement Fund Monitoring System was put into formal operation.</p> <p>April 11, 2013, issued the <i>Notice on Relevant Matters for Capacity Construction Year</i>.</p> <p>April 12, 2013, completed the on-site inspection of customer assets security for Century Securities and Huatai Securities.</p> <p>April 15, 2013, attended the shareholders meeting 2012 of ChinaSoft.</p> <p>April 17, 2013, attended the shareholders meeting 2012 of Bai Hua Cun.</p> <p>April 23, 2013, attended the shareholders’ meeting 2012 of Feida Enviro, CMST and other companies.</p> <p>April 26, 2013, attended and received an award from “Love Parcel to Fulfill Dream 2013 and Commending Ceremony for 2012 held in the Great Hall of the People.</p> <p>On the same day, completed the review of final settlement declaration 2012 submitted by 111 securities companies.</p>

MAY	<p>May 6, 2013, collected 12386 logo from the public.</p> <p>May 8, 2013, through coordination with three major telecom providers, the hotline 12386 was opened across the country.</p> <p>May 9, 2013, co-held with CSRC Shenzhen Branch the “Workshop on Institutional Investors’ Participation in Improving Corporate Governance of Listed Companies” in Shenzhen.</p> <p>May 10, 2013, issued the <i>Announcement of SIPF as the Administrator of Special Investor Compensation Fund for Misrepresentations of Wanfu Biotechnology</i>.</p> <p>May 14, 2013, attended the shareholders’ meeting 2012 of Liaoning Chengda.</p> <p>May 16, 2013, printed and issued <i>Interim Measures for the Administration of the Alerts of the Transactions Settlement Fund Monitoring System</i> (for trial implementation).</p> <p>May 24, 2013, held a forum on the pilot of private fund innovation.</p> <p>May 27, 2013, formally launched data transmission from the transactions settlement fund monitoring system to Zhongzheng Capital Market Operation Statistics Monitoring Center.</p> <p>On the same day, SIPF formally signed the CSRC Hotline System Contract with Beijing Unicom, and launched the pre-job telephone operator training.</p> <p>May 31 2013, attended the shareholders’ meeting 2012 of China Resources Double-Crane.</p>
JUNE	<p>June 7, 2013, cancelled the special account for re-lending.</p> <p>On the same day, SIPF conducted on-site inspection of data reporting by Huaifu Securities, Tongxin Securities and CITIC Securities (Zhejiang).</p> <p>June 20, 2013, provided the securities companies’ classification and evaluation results 2013 to CSRC Department of Intermediary Supervision, and connected the alert of the transactions settlement fund monitoring system to securities companies’ classification and evaluation.</p> <p>June 27, 2013, attended the shareholder’s meeting 2012 of Harbin Pharmaceutical.</p> <p>June 28, 2013, attended the shareholders’ meeting 2012 of Nanjing Textiles and Inspur.</p> <p>June 29, 2013, issued the <i>Survey of Website Construction and Online Information Disclosure of Listed Companies in 2013</i>.</p>
JULY	<p>July 4, 2013, issued the <i>Notice on Matters Concerning the Monitoring of Payment Path Closure, Fund Adjustment and Receivable and Payable Amount of the Special Account for Customer Transactions Settlement Fund</i>, and further improved the points of monitoring for the transaction settlement fund monitoring system.</p> <p>July 11, 2013, issued the <i>Announcement of SIPF on Terminating the Special Investor Compensation Fund for Misrepresentations of Wanfu Biotechnology</i>.</p> <p>On the same day, SIPF convened the 1st Session of the Fifth Expert Committee, and pre-job telephone operator training was completed as scheduled.</p> <p>July 18, 2013, held the 1st training session of investor survey 2013.</p> <p>July 21, 2013, went to the United States and Canada to talk with the US and Canadian investor protection fund.</p>

AUGUST	<p>August 13, 2013, the domain name (www.12386.gov.cn) was approved, with the registered number being <i>Jing ICP Bei No. 05035542-2</i>.</p> <p>August 21, 2013, hotline operator graduation ceremony was held, and the hotline operation team was formally established.</p> <p>August 22-23, 2013, conducted joint nationwide hotline system testing and proved that the hotline had unhindered call-in and call-out, normal and fair performance, and was ready for formal operation.</p> <p>August 23, 2013, held the workshop on the monitoring system operation in H1 2013.</p>
SEPTEMBER	<p>September 3, 2013, printed and issued <i>A Collection of Cases of Alert of the Monitoring System</i> (Issue I).</p> <p>September 4, 2013, issued the <i>Working Regulations for Data Search Service of the Securities Transactions Settlement Fund Monitoring System</i> (for trial implementation).</p> <p>September 6, 2013, CSRC 12386 hotline was officially launched.</p> <p>September 11, 2013, released the <i>Assessment of Investor Protection of Listed Companies in 2012</i>, and issued the <i>Guidelines (No.9) for Filling Data of the Monitoring System</i> and the <i>Opinions Concerning Comparison Result Verification for the Monitoring System (No.2)</i>.</p> <p>September 25, 2013, went to Europe for international conference.</p> <p>September 26, 2013, an annuity scheme was formally established.</p> <p>September 27, 2013, published the contents and main results of the special survey of inquiry hotline of A-share listed companies, and convened a special meeting on the monitoring system operation and securities company risk monitoring in 2013 (Beijing session).</p>
OCTOBER	<p>October 14, 2013, listed all its shares of Essence Securities on China Beijing Equity Exchange for transfer.</p> <p>October 17, 2013, printed and issued the <i>Monitoring System Interface Criteria for Securities Companies (v1.5)</i> and the <i>Guidelines (No.6) for Filling Data</i>.</p>
NOVEMBER	<p>November 6, 2013, donated 62 office computers to Jinchang Municipal Government of Gansu Province (including 38 desktops and 24 laptops).</p> <p>November 16, 2013, convened a special meeting on the monitoring system operation and securities company risk monitoring in 2013 (Guangxi and Chongqing session).</p> <p>November 22, 2013, SIFP's article "<i>An Exploration of An Online Platform for Clean Governance Risk Control</i>" received the Second Prize for Theoretical Papers from ICS Finance Branch.</p> <p>November 28, 2013, convened the 1st expert session for securities company risk evaluation, and finished the special audit of dormant accounts and single-fund accounts for Qilu Securities and Caida Securities and issued a rectification notice.</p>
DECEMBER	<p>December 12, 2013, held a work meeting on the monitoring of margins of individual stock options.</p> <p>December 23, 2013, issued the <i>Notice on Printing and Issuing the Guidelines (No.10) for Filling Data of the Monitoring System</i>.</p> <p>December 24, 2013, CSRC Chairman Xiao Gang visited SIFP.</p> <p>December 26, 2013, issued the <i>Interface Criteria for Securities Companies (V1.6)</i> and <i>Interface Criteria for Commercial Banks (V1.4.1)</i>.</p> <p>December 27, 2013, finished the stock right change for Essence Securities.</p> <p>December 28, 2013, relocated the computer room for the Securities Transactions Settlement Fund Monitoring System.</p>