



# 2017

CHINA SECURITIES INVESTOR PROTECTION FUND CORPORATION LIMITED  
ANNUAL REPORT 2017



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Liu Hongtao  
Chairman of the Board of Directors  
Secretary of the Party Committee

## MESSAGE FROM CHAIRMAN

In 2017, thanks to the correct leadership of CSRC and support from MOF and PBC, SIPF Party Committee, based on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, studied and publicized the spirits of the 19<sup>th</sup> CPC National Congress, focused on strengthening “Four Awarenesses” and “Four Self-confidences” and strived to build a supervisory team that is politically and professionally capable. SIPF implemented President Xi Jinping’s important instructions on financial work and capital market work as well as various decisions adopted by the Central Economic Work Conference, the National Financial Work Conference and CSRC supervisory meetings, worked with all staff members to ensure steady growth and prevent systematic financial risks, and prepared for and carried out investor protection and explored the establishment of four key systems for the purpose of market risk prevention & resolution and protection of investors’ lawful rights and interests, including the risk monitoring and warning system that will focus on monitoring investor funds’ security and securities companies’ risks, the multi-level compensation system that will consist of SIPF compensation, special compensation fund payment and administrative settlement fund payment, the response system that will respond to investors’ opinions and demands by means of diversified dispute resolution, 12386 Hotline, investor survey, confidence index of multiple players, etc., and the investor protection assessment system that will assess capital market investor protection in China from multiple dimensions, for example, policy effectiveness, enforcement, self-disciplinary organizations and market players. Moreover, SIPF gradually explored and established a multi-dimension information collection mechanism and a diversified reporting system on the basis of the foregoing systems so as to enable information reporting to play a greater role in supervisory decision making, and steadily and effectively proceeded with relevant work.

Next, SIPF will continue to study, publicize and implement the spirits of the 19<sup>th</sup> CPC National Congress, adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resolutely implement various decisions and arrangements by CPC Central Committee and CSRC Party Committee, push forward in-depth integration of Party building and operation matters and continue to work hard for effective monitoring of securities companies’ risks and industry risk analysis, investor compensation, diversified securities & futures dispute resolution and improvement of 12386 Hotline. Persistency makes for success. On the one hand, SIPF will arrange and carry out various activities step by step, and on the other hand, it will waste no time and feel no fear in overcoming every hurdle to further push forward investor protection, transform its mentality, strive to be well-established and strong, and play a greater role in building an internationally competitive capital market with Chinese characteristics.



Liu Hongtao

Chairman of the Board of Directors  
Secretary of the Party Committee

## CORPORATE PROFILE



### Board of Directors and the Management

Mr. Ge Yi	Mr. Rui Yuehua	Ms. Liu Hongtao	Mr. Yang Mingji	Ms. Zhang Xiaowei	Ms. Peng Jing
Deputy GM	Executive Director	Board Chairman	Vice Chairman	Deputy GM	Secretary of Committee for Disciplinary Inspection

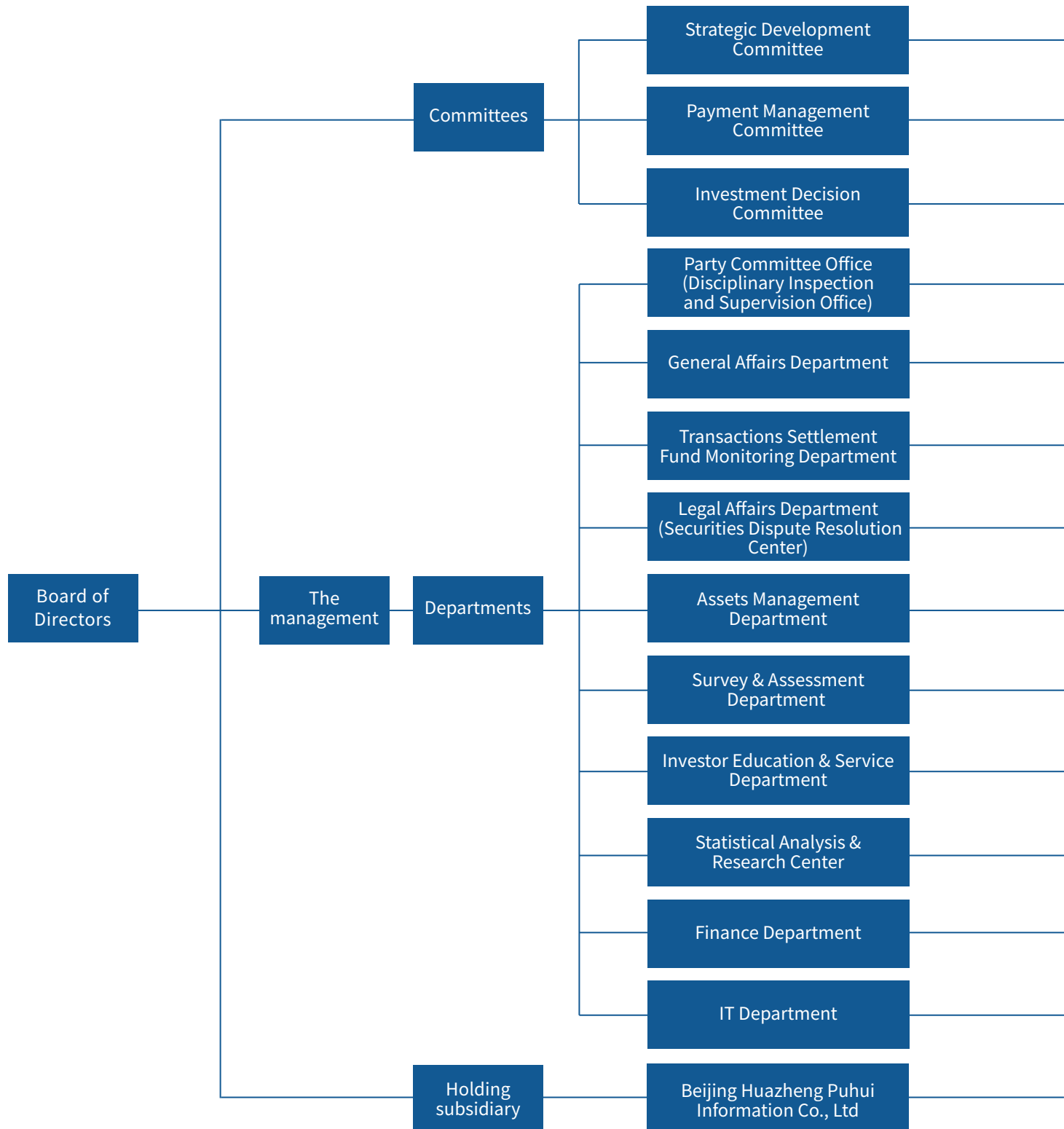
## INTRODUCTION AND ORGANIZATION

With the approval of the State Council, the 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 10 departments: Party Committee Office (Disciplinary Inspection and Supervision Office), General Affairs Department, Transactions Settlement Fund Monitoring Department, Legal Affairs Department, Assets Management Department, Survey & Assessment Department, Investor Education & Service Department, Statistical Analysis & Research Center, Finance Department and IT Department; below the Board of Directors there are Strategic Development Committee, Payment Management Committee, and Investment Decision Committee; SIPF has 1 subsidiary: Beijing Huazheng Puhui Information Co., Ltd.



# INTRODUCTION AND ORGANIZATION



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 implementations.

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

Responsible for the daily work of the SIPF Party Committee and Disciplinary Committee; Party members' education, dues management and organizational activities; internal audit related work.

Responsible for general administrative service, logistics support, HR management, service for the Board of Directors, media publicity, website maintenance, international cooperation and exchange, matters of non-disclosure, and daily work of the Labor Union.

Responsible for the construction, operation, maintenance and routine management of securities transaction settlement fund monitoring system, as well as data comparison, alert and monitoring analysis.

Responsible for SIPF involvement in the risk disposal of securities companies, management of special compensation funds and administrative settlement funds, securities dispute resolution, legislations related to securities investor protection, SIPF' s legal affairs and relevant publicity.

Responsible for investment of proprietary and protection funds, management and disposal of foreclosed assets, routine work and research of important issues of the Investment Decision Committee, and routine management and coordination of companies held or participated by SIPF.

Responsible for investor and market player survey, preparation and release of diversified confidence index system, assessment of capital market investor protection, and collection of investor information.

Responsible for 12386 Hotline construction, operation, maintenance and upgrade as well as Hotline operation team building and management, message posting management of CSRC and SIPF MicroBlog and WeChat, and investor education.

Responsible for routine statistic inquiry and analysis, monitoring of securities companies' risks, data study, management of investor protection journals, construction and management of statistical analysis system, etc.

Responsible for accounting & supervision, financial management, managing the budgets and accounts, raising protection fund, accounting of administrative settlement payments, handling taxation matter, special audit of subsidiary, etc.

Responsible for overall planning of IT resources, centralized management of IT systems, management and coordination of IT system construction projects, and purchase and management of IT system equipment.

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.

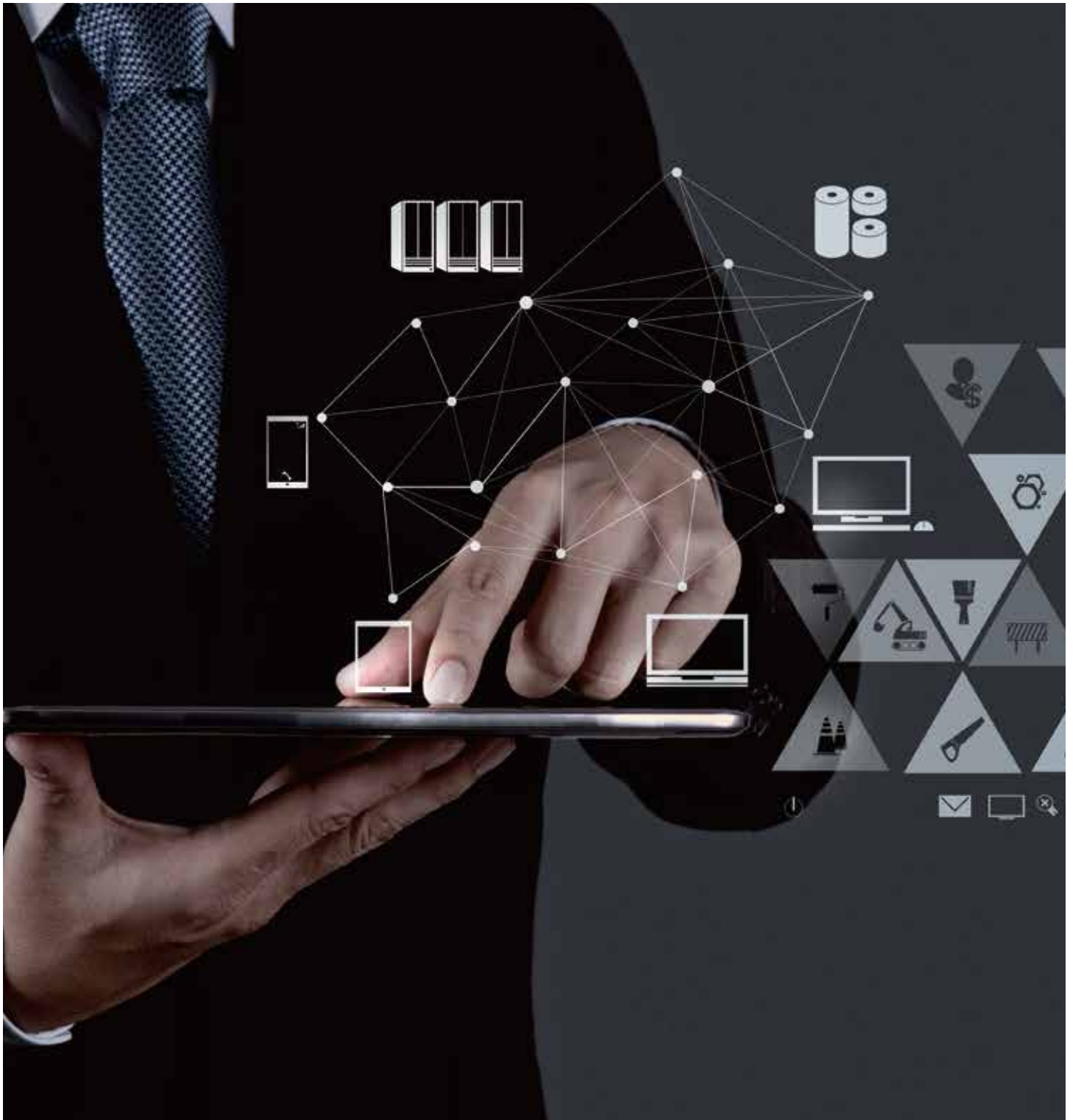


## MAIN FUNCTIONS

China Securities Investor Protection Fund Corporation Limited (hereafter “SIPF”) was established by the State Council on August 30, 2005 and is a wholly state-owned company under the supervision of the CSRC. SIPF’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 disposal 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, or administrative takeover, trustee operation by CSRC; to organize and participate in the liquidation of the dissolved, closed or bankrupt securities companies; to manage and dispose foreclosed assets and safeguard SIPF’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 the legitimate interests of investors 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; to manage administrative settlement funds; to organize the pilot of diversified securities & futures dispute resolution mechanisms; to undertake other functions approved by the State Council.

In addition to dealing with the remaining work of securities companies’ risk disposal and earnestly raising, managing and operating the protection fund, SIPF has made use of the clients’ transaction settlement fund monitoring system and the securities company risk monitoring system to protect the safety of investors’ funds and monitor securities companies’ risks; served as the special compensation fund administrator, and actively explore alternative investor compensation mechanisms; strengthened investor protection and service system’s construction and integrated 12386 Hotline, survey sample pool and other platforms to enable medium and small investors to report relevant issues in an unhindered manner.





PERFORMANCE IN 2017

In 2017, thanks to the correct leadership of CSRC and support from MOF and PBC, SIPF Party Committee, based on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, studied and publicized the spirits of the 19<sup>th</sup> CPC National Congress, steadfastly safeguarded the authority and centralized leadership of the CPC Central Committee with President Xi Jinping as the core, vigorously reinforced ideological, political and behavioral consciousness, strengthened “Four Awarenesses” and “Four Self-confidences”, adhered to “Four Obeys”, remained highly consistent with the CPC Central Committee with President Xi Jinping as the core with respect to political stance, direction, principle and path, earnestly carried out various activities assigned by CSRC Party Committee and Discipline Inspection Group, effectively pushed forward comprehensive and strict Party administration and corporate governance, persistently rectified work style, carried out vigorous political, ideological, organizational, work style and disciplinary building, strived to build a supervisory team that is politically and professionally capable, and realized regularized strict corporate governance, institutionalized ideological education and effective long-term supervision and inspection. Meanwhile, SIPF implemented President Xi Jinping’s important instructions on financial work and capital market work as well as various decisions adopted by the Central Economic Work Conference, the National Financial Work Conference and CSRC, worked with all cadres and staff members to ensure steady growth and prevent systematic financial risks, and effectively prepared for and proceeded with investor protection and made significant achievements in further strengthening investor fund safety monitoring, improving the risk monitoring system and regular reporting mechanisms for securities companies, acting as fund administrator, timely responding to concerns of small and medium investors, strengthening international exchange and cooperation, etc.

## 1. PERFORMANCE IN 2017

### 1.1 Fulfilled the responsibility of strict Party

#### administration and adhered to strict corporate governance

SIPF worked diligently to reinforce “Four Awarenesses”, think and act consistently with the CPC Central Committee with President Xi Jinping as the core, safeguard the centralized leadership of the CPC Central Committee, implement decisions adopted by CSRC, and earnestly carry out Party building in accordance with the Key Points of SIPF’s Party Building Work in 2017 formulated in the beginning of 2017.

1.1.1 Identified “basic points” to maintain clear political stance and consistently strengthen political building. First, SIPF gave full play to the core role and growing leadership of Party Committee. SIPF Party Committee consistently gave first priority to political building, remained highly consistent with the CPC Central Committee with President Xi Jinping as the core with respect to political stance, direction, principle and path, voluntarily safeguarded the Party’s authority and centralized leadership and continued to strengthen theory study. Based on President Xi Jinping’s innovative concepts, ideas and strategies for state governance and politics, SIPF earnestly implemented various decisions adopted by the Central Economic Work Conference, the National Financial Work Conference and CSRC. Party Committee members all voluntarily complied with laws, strictly observed the Rules on Procedures of Party Committee Meetings, the Rules on the Theoretical Studies of the Party Committee Central Group and the principle of democratic centralism, resolutely implemented the “Three Important and One Big” decision making process and relevant rules and consistently enhanced “Four Awarenesses”, leadership and decision making capability. Second, SIPF earnestly performed its responsibilities and ensured “One Post and Two Responsibilities” at every level. SIPF incorporated comprehensive and strict Party administration into its work and caused the Accountability Agreement on Party Building and Clean Governance and the Commitment Letters on Integrity and Self-discipline to be signed at every level. Secretary of Party Committee earnestly

acted as the first responsible person by arranging important activities, dealing with important issues, coordinating important aspects and overseeing important matters in person. Other members of Party Committee voluntarily assumed the leadership responsibility for respective areas and regularly studied, arranged, inspected and reported the Party building work. Third, SIPF offered “Three Meetings and One Class” and strict Party activities. Members of Party Committee worked together to promote collective leadership, strict Party spirit and clean political ecosystem. They all took lead in complying with strict requirements, studying and publicizing the spirits of the 19th CPC National Congress and giving lectures to Party branches, voluntarily participated in the activities of Party Committee as well as respective Party branch, and while participating the activities of Party branch, they actively played a guiding and supervisory role and set an example for all SIPF cadres and staff members.

1.1.2 Focused on the “priorities” to reinforce various forms of learning and education and consistently strengthen ideological building. First, with due attention and timely organization, upon the successful conclusion of the 19th CPC National Congress, SIPF promptly convened a special meeting to study the spirits of the 19th CPC National Congress, examine the Work Arrangement of SIPF Party Committee for Studying and Publicizing the Spirits of the 19th CPC National Congress, establish the basic principle of publicity, exchange and work-based study of specific topics led by Party Committee and participated by Party branches and make a comprehensive arrangement for the study, publicity and implementation of the spirits of the 19th CPC National Congress. Then, Party branches immediately formulated respective plans with detailed breakdown to every month, week or even every day, and across SIPF there arose a passion for the study. Second, members of Party Committee took the lead to commence the strict study. Based on specific topics, they studied in an earlier and deeper manner and timely communicated the spirits of CPC Central Committee and CSRC requirements. Through such study, SIPF Party Committee thoroughly studied the spirits of the 19th

CPC National Congress, the Central Economic Work Conference, the National Financial Work Conference, CSRC supervisory meetings and the meeting on comprehensive and strict Party administration and discipline inspection, etc., and carefully examined and implemented the opinions. Third, through Central Group trainings, SIPF senior management and middle-level cadres and Party branches carefully studied the report of the 19th CPC National Congress, President Xi Jinping’s important instructions on capital market development and 7.26 speech as well as important speeches made by CSRC Chairman Liu Shiyu at supervisory meetings, etc. Fourth, SIPF promoted the study by offering several rounds of centralized training. SIPF provided the training course on the spirits of the 6th Plenary Session of the 18th CPC National Congress, inviting experts and professors from Central Party School and other units to train Party members at or above middle level, probationary Party members, prospective Party members and key staff members. In this way, participants further strengthened their awareness of Party and Party membership, firm belief and initiative in the cause of investor protection. Fifth, SIPF consolidated the study through a variety of means. SIPF further consolidated the result of study by means of exchange of experience in “Two Studies and One Action”, monthly class, study and exchange of the spirits of the 19th CPC National Congress, Party branch secretary discussion, Party and Youth League activities, etc. Sixth, SIPF laid solid basis for and guarded the stronghold of ideology. SIPF took firm hold of its leadership and initiative in ideological work, and through education and training, and guided Party members and cadres to voluntarily observe the Socialist core values and to use proper language online. SIPF carefully operated and maintained 12386 Hotline and CSRC MicroBlog and WeChat comments, monitored and analyzed public opinions at important points of time, established a “1+4” ideological work mechanism, i.e. office of Party Committee worked with 4 business operation departments to comprehensively carry out ideological work, put in place ideological review and zero reporting system for official website, offered

positive guidance to investors and market players, implemented the requirements of ideological work and ensured proper handling and resolution of negative online public opinions on CSRC and SIPF.

1.1.3 Consolidated “supporting points” to make Party branch act as a stronghold and reinforce grassroots Party organization building. First, Party branches were reelected and adjusted in accordance with Party building and corporate operation. The number of Party branches was expanded from 5 to 11, basically with 1 Party branch for 1 business operation department, so as to strengthen the Party’s leadership and provide forceful organizational support to business operation. Second, Party branches acted as a stronghold. By giving a greater role to Party branch, SIPF gave vigorous push to its business operation by further fulfilling the responsibility of strict Party administration, strengthening “One Post and Two Responsibilities” and complying with the requirements of comprehensive and strict Party administration on various levels. Third, Party members were recruited and subject to strict quality control. SIPF finished Party member recruitment work for 2017, with 2 probationary members becoming full member and 1 activist becoming a probationary member. Since “Two Studies and One Action”, 6 staff members had submitted the Party membership application, and they all played a positive role in respective position and stood close to the Party. Fourth, Party membership was properly managed. As required by CSRC, SIPF used the Party administration system to maintain and submit information on Party organization, membership and activists, record Party members’ education, award, punishment and training activities, and prepared biannual and annual statistical reports. SIPF sorted out and checked organization and ID information of every Party member, recorded such information into the National Party Member Management System and maintained electronic ID archives for Party members. SIPF also regulated ins and outs of Party organization connection and subjected membership dues to strict management and usage.

1.2 Continued to regularize and institutionalize the

“Two Studies and One Action” education by incorporating the study and publicity of the spirits of the 19th CPC National Congress

First, upon successful conclusion of the 19th CPC National Congress, SIPF promptly acted to organize all Party members and cadres to systematically study and implement the spirits of the 19th CPC National Congress, and took the study of the report of the 19th CPC National Congress, in particular President Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the amendment to CPC Constitution, as an important part of “Two Studies and One Action”. Meanwhile, based on experience and methods resulting from “Two Studies and One Action”, SIPF promoted the study, publicity and implementation of the spirits of the 19th CPC National Congress and strived to regularize and institutionalize the “Two Studies and One Action” education. Second, SIPF timely arranged various form of study activities. In April 2017, President Xi Jinping gave important instructions on regularized and institutionalized education of “Two Studies and One Action”, and pursuant to the CSRC Plan for Regularized and Institutionalized “Two Studies and One Action” Education, SIPF timely made arrangement to promote regularized and institutionalized “Two Studies and One Action”. Party branches made use of a variety of means, self-study, collective study, WeChat group study, publicity board, field investigation, watching literary works, etc., to study President Xi Jinping’s innovative concepts, ideas and strategies for state governance and politics as well as Party Constitutions and regulations, strive to become eligible Party members and effectively carry out respective work. Third, SIPF adhered to problem orientation and promoted action by study. Party branches took into account their actual work to find and analyze possible problems and took corrective measures accordingly. Through exchange of experience in becoming eligible Party members and other similar arrangements, SIPF further facilitated Party members to become eligible and promoted regularized and institutionalized “action”. Now, to become eligible Party members has become an aspiration of the great majority of Party

members. Fourth, political stance was reinforced to push forward the work. SIPF carefully studied President Xi Jinping's speech at the National Financial Work Conference and important comments on protection of financial security, guided all staff members to agree upon the central government's opinions and CSRC arrangements in connection with financial security, planned and carried out various activities with a general purpose to promote capital market development, and effectively prevented financial risks and protected investors' lawful rights and interests. SIPF worked diligently to accomplish various tasks and promote innovative development of main tasks.

### 1.3 Promoted Youth League building through Party building and carried out "One Study and One Action" education among Youth League members

SIPF Party Committee actively instructed the Youth League to carry out "One Study and One Action" education among League members, with a theme of "following the Party without forgetting the original aspiration", and 24 tasks were accomplished. Through such special education, League members acquired a greater sense of progressiveness and pride and identified themselves with the Party politically, ideologically and emotionally. Through League activities, members improved their awareness of the organization and discipline and were ready to obey and follow the Party. Through a series of activities, League members demonstrated their progressiveness and played a pioneering and exemplary role. Through such education and practice, the Youth League furthered improved its overall work, established long-term effective mechanisms for member education and management and consolidated and deepened the result of education and practice.

### 1.4 Resolutely implemented the Eight-Point Regulations and implementing rules and consistently rectified "Four Bad Practices", strengthened supervisory and disciplinary accountability and maintained close contact with the masses.

1.4.1 Focused on "key points" to strengthen disciplinary building and support Discipline Inspection Committee

to carry out supervisory activities. First, SIPF continued to inspect stock transactions, refined relevant rules and measures, coordinated the cancellation of accounts that otherwise might have been difficult to be cancelled, cultivated a consciousness through various regular forms of education, and made timely arrangement in accordance with the CSRC Notice on Regulating Securities, Futures and Funds Investment Activities of CSRC Staff Members and Their Relatives. Second, SIPF looked back at the special inspection of sensitive information management to examine problem resolution and ensure conformity with relevant requirements. Third, internal audit played a supervisory role through outgoing audit of the subsidiary's former GM and special audit of the subsidiary of software development project. Fourth, SIPF made full use of the Online Platform for Clean Governance Risk Prevention and Control to track the whole course and minimize the probability of clean governance risk. Fifth, innovative supervisory approaches were adopted. When acting as the compensation fund administrator for Xintai Electric's fraudulent issuance, based on its own characteristics, SIPF appointed a provisional clean governance supervisor to oversee the project and strengthen clean governance supervision for key projects.

1.4.2 Closely followed "connecting points" to organize special rectification of "Four Bad Practices" and strengthen morality building. SIPF strictly complied with the Eight-Point Regulations, the Regulation on Party and Government Organs to Practice Frugality and Reject Extravagance and relevant requirements, refrained from "15 Strict Prohibitions" and rectified violations of the Eight-Point Regulations and "Four Bad Practices". First, SIPF organized various departments to carry out self-inspection, required all departments, especially those with market service functions, to examine whether there was any problem of bureaucracy and formalism and define and implement corrective measures in accordance with results of self-inspection. Second, inspection was made by discipline inspection department. SIPF conducted a special inspection for staff members' illegal stock transactions and put in place a quarterly inspection mechanism to prevent the

occurrence of this problem. Third, relevant measures were refined. Pursuant to latest requirements of CPC Central Committee and CSRC, SIPF amended the Measures on Implementing the Official Car Reform, the Measures on Reception Management, the Measures on Conference Management and the Code of Conduct for Staff Members, and further improved its policies and systems.

1.4.3 Took vigorous measures for “sore points” to hold talks and draw the high-tension line. First, SIPF formulated the Implementing Measures for Continuing to Hold Talks for Comprehensive and Strict Party Administration to further clarify specific requirements and division of responsibility for such talks. Second, the secretary of Party Committee performed the duty to hold talks. The secretary talked with other members and departmental heads to get informed of their work and change of thought and actively facilitated and worked with departmental heads to enhance awareness, comply with relevant provisions, assume responsibility and push forward the work of comprehensive and strict Party administration. Third, talks were arranged to ensure “One Post and Two Responsibilities”. Members of Party Committee met and talked with heads of competent departments and strengthened cadres’ awareness of discipline and responsibility in strict accordance with CSRC and SIPF requirements on holding talks for comprehensive and strict Party administration and “One Post and Two Responsibilities”.

1.4.4 Strengthened the awareness of upper and lower limits to ensure that no one dares, will and can become corrupt. First, SIPF organized the study of clean governance disciplines and provided a variety of forms of premonitory education. SIPF organized all Party members and cadres to study the CSRC Measures on Implementing the Eight-Point Regulations and relevant SIPF measures for meeting, travel, etc., and included premonitory education into centralized training courses on the spirits of the 6th Plenary Session of the 18th CPC National Congress held in June and July, to always keep in mind rules and disciplines. Second, SIPF made use of

bulletin board, SMS and other means to carry out characteristic publicity and education of clean governance culture, to remind Party members and cadres to discipline themselves, especially during important holidays, such as New Year, Spring Festival, Dragon Boat Day and May Day, and to build strong ideological defense line and maintain an overwhelming position in the fight against corruption. Third, by providing monthly classes and organizing staff members to watch the film “The Force of Youth” and the documentary “Clean Governance Lessons from History”, SIPF facilitated Party members and cadres to further strengthen the awareness of integrity and self-discipline and maintain a style of integrity and cleanness. Quarterly inspections were carried out to prevent illegal stock transactions.

1.4.5 Reinforced survey, relied on the masses and laid a solid mass base for various activities. To prepare for, undertake and accomplish anything, survey is necessary. SIPF attached great importance and made great efforts to improve survey, so as to get informed of popular needs and rely on the masses to realize development and enhance the capability of its management. First, external survey was reinforced to promote business development. Based on main tasks of CSRC and SIPF, SIPF formulated and implemented the annual survey plan and reinforced the mass base for its business development. In 2017, SIPF accomplished a total of 35 surveys. Second, regular internal surveys were conducted. SIPF conducted quarterly surveys and made use of a variety of means to find out what the masses want and need, earnestly resolved the concerns of staff members, improved the relationship with the masses and enhanced staff members’ sense of belonging.

### 1.5 Reinforced monitoring to improve the capability of financial risk prevention and resolution

In 2017, financial security and financial risk prevention was raised up to an unprecedented level, and the 5th National Financial Work Conference pointed out that prevention and control of financial risks would be a permanent part of financial work. As President Xi

Jinping indicated in the report of the 19th CPC National Congress, the bottom line is to prevent systematic financial risks. In December, the Central Economic Work Conference once again identified prevention and control of major risks as the No.1 of the three top priorities, and CSRC required all staff members to “adhere to the fundamental mission of protecting investors’ lawful rights and interests and resolutely prevent and resolve major risks”. In order to implement the decisions made by CPC Central Committee and CSRC, SIPF strived to establish and improve risk warning and reporting mechanisms for securities companies and industry, including the Transaction Settlement Fund Monitoring System and the Risk Monitoring System for securities companies.

1.5.1 Improved routine monitoring and subjected clients’ accounts to “look-through” management. First, SIPF continued to pay attention to newly established securities companies and monitored their brokerage operations in a synchronized manner. Currently, the monitoring covers 102 securities companies and 23 custodian banks, and involves 220 million investor fund accounts as well as Shanghai Stock Exchange, Shenzhen Stock Exchange, NEEQ and OTC markets. Second, SIPF carefully monitored clients’ transaction settlement fund and made use of “look-through” surveillance to give timely and accurate warning. Third, SIPF regularly filed securities market client’s fund monitoring reports to facilitate regulatory authorities to timely get informed of investor fund safety and developments and ascertain market circumstances accordingly. Fourth, SIPF improved the mechanisms for problem reporting and case training to facilitate securities companies and custodian banks to improve their risk control and compliance management.

1.5.2 Monitored risks of securities companies and timely and accurately reported risk information and supervisory opinions. First, SIPF regularly examined securities companies in respect of capital risk, liquidity risk, credit risk, market risk and operational risk and on the basis of the Risk Monitoring System for securities companies that combines “monitoring, identification,

quantitative assessment and warning”. Currently, ongoing risk monitoring has covered 102 securities companies with brokerage operations and 16 AMCs. Second, SIPF refined risk monitoring and analysis for key business of securities companies in accordance with new regulations and prevailing issues. Based on a series of regulatory measures on securities companies’ asset management and banks’ entrusted investment as well as stock-pledged repo, credit debenture default and other events, SIPF further improved the granularity and accuracy of the Monitoring System and reinforced the pertinence and timeliness of risk monitoring. Third, regular reporting mechanism was refined to ensure timely risk information reporting. In 2017, SIPF filed to CSRC 12 monthly reports and 3 special analysis reports on risk monitoring for securities companies. Fourth, “health check” was provided to securities companies to facilitate them to improve risk management. In 2017, SIPF sent 270 securities company risk briefings to 36 securities companies and facilitated them to further improve internal control, timely ascertain and resolve potential risks in multiple areas and acquire rich risk management experience from multiple perspectives.

1.5.3 Overhauled industrial risks for securities companies and identified and reported 6 categories of prominent problems. First, SIPF tried to overhaul and report industrial risks for securities companies by area. In 2017, SIPF distributed 75 area-specific securities company risk briefings to 10 CSRC local offices. Second, SIPF timely identified and reported prominent problems to regulatory authorities to provide reference for removing potential risks. So far, six categories of prominent problems have been reported, including emergence of risks in connection with channel-specific asset management, concentration of interbank liability risk, weak risk control for financing operations, exposure to credit debenture default risk, overlapping of various risks and operational risk in connection with staff members’ fraudulent activities. Third, SIPF strengthened cooperation with CSRC local offices and assisted with their securities company risk monitoring and investor protection. Now, SIPF has



signed the MOU with CSRC Beijing Office, CSRC Anhui Office and CSRC Fujian Office, and relevant collaboration is under way. Fourth, SIPF continued to study fundamental issues in respect of risk monitoring, worked out the meso-level plan for securities company risk monitoring, and based on monitoring of micro entities, SIPF studied the meso-level risks and monitoring system, worked out preliminary schemes and approaches and laid the basis for subsequent improvement to the Monitoring System.

1.5.4 Continued with monitoring data sharing and application to support enforcement activities. First, SIPF continued to share data with relevant CSRC departments and related parties. In 2017, SIPF filed 567 reports of clients' transaction settlement fund and securities financing guarantee fund to regulatory authorities and related parties. Second, SIPF continued with information collection, filed 244 updates of relevant developments to regulatory authorities, collected and extracted relevant market information in a rapid, dynamic, continuous and in-depth manner to provide regulatory authorities with direct, objective, timely and highlighted reference. Third, SIPF assisted with enforcement inquiries and fully cooperated with enforcement department to investigate and handle major cases.

#### 1.6 Acted as fund administrator and did the best to protect investors' lawful rights and interests

Based on President Xi Jinping's latest instructions and requirements on capital market and SIPF's main tasks and recent developments of investor protection, SIPF made exploratory and synergic efforts to act as fund administrator.

1.6.1 Securities investor protection fund was raised, managed and used. First, SIPF raised, managed and recovered the protection fund. In 2017, SIPF raised RMB5.661 billion from market, including 3.36 billion from securities companies, RMB2.214 billion transaction handling fee from Shanghai Stock Exchange and Shenzhen Stock Exchange and RMB87 million from interest of frozen subscription funds. Second, protection

fund was subject to lean management to preserve and increase the value of state-owned assets. Third, SIPF properly handled subsequent risk disposition. SIPF conducted annual special audit, earnestly performed the duty as a creditor, continued to deal with payment of claims and facilitated the bankruptcy of disposed securities companies. In 2017, SIPF handled 15 resolutions, attended 4 meetings for bond holders and creditors' committee and received RMB21.78 million from bankruptcy asset distribution.

1.6.2 SIPF was entrusted to manage special compensation fund. In 2017, Industrial Securities entrusted SIPF to act as the administrator for the Advance Compensation Fund for Xintai Electric's fraudulent issuance, and after acting as the administrator for special compensation funds for Wanfu Biotechnology and Hirisun, this was another meaningful attempt to introduce and improve long-term effective investor protection mechanisms and an important breakthrough for compulsory delisting due to serious violation of law. During the existence of the special compensation fund, 11,727 investors had effectively declared their claims, accounting for 95.16% of total eligible investors; compensation paid to eligible investors was up to RMB 241,981,273, accounting for 99.46% of the total. SIPF received unanimous praises. Through advance investor compensation, SIPF laid the basis for the delisting of Xintai Electric.

1.6.3 SIPF was authorized to manage administrative settlement fund. Pursuant to relevant provisions, SIPF is responsible for managing administrative settlement fund, preparing the plan for the payment of administrative settlement fund and compensating investors the losses incurred by illegal acts of administrative counterparts. Now, SIPF has finished relevant institutional preparations.

#### 1.7 Fulfilled the mission to strengthen investor protection

CSRC always highlights protecting investors' lawful rights and interests and safeguarding financial stability and national financial security as the first priority of Chinese capital market. As an investor protection

organization, SIPF worked diligently to introduce diversified securities dispute resolution mechanisms, establish investor protection assessment mechanisms, prepare confidence indices for multiple capital market players and properly handle investor needs and other matters of investor protection.

1.7.1 Effectively promoted the pilot and explored new approaches for securities dispute resolution. First, “one-to-many” collective mediation was introduced to resolve litigation disputes. As the administrator of the advance compensation fund for Xintai Electric’s fraudulent issuance, SIPF caused over 11,000 investors to accept the settlement plan and receive about RMB242 million of compensation. So far, SIPF has acted as fund administrator for three companies, and cumulatively, more than 30,000 investors have accepted the settlement and received more than RMB500 million of compensation. Second, “one-to-one” mediation was piloted. In 2017, SIPF accepted 2 mediation applications, involving a total of RMB7.22 million. Third, SIPF and Beijing No.1 Intermediate People’s Court signed the Agreement on Strengthening Litigation and Mediation Cooperation for Securities and Futures Disputes, with an aim to make full use of respective advantages in securities & futures dispute resolution and investor protection and ensure proper connection between administrative mediation, lawsuit mediation and judgment. Fourth, SIPF reinforced exchange and cooperation with relevant pilot efforts of other organizations to consistently improve its work.

1.7.2 Prepared the Whitepaper on Investor Protection in Chinese Capital Market to provide a basis for improving capital market investor protection policies. First, SIPF earnestly implemented the requirements of the Nine-Point Guidelines on establishing assessment mechanisms for small and medium investor protection, tried to assess securities market investor protection from a third party perspective, prepared the 2016 Whitepaper on Investor Protection in Chinese Capital Market and 5 relevant sub-reports to assess investor protection in Chinese capital market from policy effectiveness, enforcement, SROs, market players and

other perspectives, and to identify achievements and problems of investor protection and give relevant advice. Second, various assessment results were made to play a role in building a law-based and multilevel capital market, strengthening fundamental market functions and reflecting prominent problems in respect of investor protection, and based on assessment results, SIPF facilitated the improvement of regulatory requirements by proposing dozens of well-targeted opinions on laws and regulations related to investor protection, including the Code of Corporate Governance for Listed Companies.

1.7.3 Established a confidence index system for multiple players to timely reflect market confidence changes and associated risks and trends. First, investor confidence index was included by the State Council into the risk warning and monitoring indicator system for securities and futures industry to facilitate competent authorities to timely ascertain investor confidence changes, monitor market risks and strengthen market expectation management. Second, monthly survey was conducted for business office manager confidence index to assist regulatory authorities to monitor market risks and strengthen alert analysis, and in 2017, SIPF prepared 12 monthly reports on business office manager confidence index survey. Third, SIPF conducted fund manager confidence index survey and prepared fund manager confidence index to facilitate regulatory authorities to have a better knowledge of changes of institutional investor confidence, strengthen market expectation management and monitor risk changes.

1.7.4 Conducted special capital market assessments to provide important bases for regulatory improvements. Special assessments were carried out with specific aims such as improving investor protection policies, enhancing quality of listed companies and improving investor satisfaction. First, SIPF conducted an all-around and multilevel assessment of investor protection policy effectiveness and assessed the effectiveness of China’s investor protection policies in terms of soundness, enforcement and investor

satisfaction of investor protection laws and regulations. Second, SIPF investigated phone-call availability for over 3,000 market participants, and based on the results, regulatory authorities urged relevant entities to make improvements accordingly. Third, SIPF investigated for the four consecutive years the “Website Construction and Online Information Disclosure of the Companies Listed in A-share Market”, to assess listed companies’ improvements to and urge listed companies to protect investors’ right to information. Fourth, based on a decade of assessment of listed companies, SIPF prepared the Review of the Decade of Investor Protection of Listed Companies to clearly list out listed companies’ improvements in respect of investor protection. Fifth, SIPF conducted the 2016 Securities Investor Satisfaction Survey to find out the effect of investor protection provided by various market players. The results of above assessments were reported to regulatory authorities to assist with regulatory efforts.

1.7.5 Continued to handle matters related to 12386 Hotline to effectively resolve investors’ complaints. First, work orders were properly handled. In 2017, SIPF handled 73,244 valid work orders, recovered over RMB13 million of losses for investors and received 172 letters of thanks from investors. Second, direct transfer of hotline calls was piloted. SIPF chose 10 institutions in Beijing for the pilot, and direct transfer was made for a total of 99 complaints. Efficiency was significantly improved, and time for work order processing was shortened from 2-3 months to less than 1 month, and some work orders were concluded as fast as within 1 hour. Third, SIPF did the best to ensure stable operation of the Hotline during the 19th CPC National Congress. SIPF took vigorous measures to ensure the Hotline’s stable operation during the 19th CPC National Congress, including recruiting more operators, optimizing answers, 24-hour screening and reporting of online work orders related to stability, etc. Fourth, stability-related matters were timely reported and properly handled. In 2017, SIPF reported 341 stability-related cases, and relevant matters were

properly handled and potential risks were effectively removed.

1.7.6 Further expanded the means of education and service to provide wider and faster service to investors. First, SIPF prepared investor protection cases on the basis of investors’ major concerns identified via 12386 Hotline and survey, and released them at its official website, MicroBlog, WeChat and mobile APP and other new media to provide answers and give warning. In 2017, SIPF prepared and published 55 cases on 29 subject matters. SIPF website updated over 62,000 messages of investor protection, and set up a sub-website Xintai Electric to ensure smooth progress of the special compensation. Second, SIPF used innovative means to introduce the cases, and prepared 16 cartoon series for investor education to ensure better effect of warning. Third, MicroBlog and WeChat were properly operated to provide information to investors. In 2017, SIPF assisted CSRC to release 1,436 MicroBlog messages and 200 WeChat messages, and SIPF MicroBlog released 340 messages and SIPF WeChat released 68 messages. Fourth, SIPF ensured phone-call availability to timely answer investors’ inquiries. In 2017, the post for external contact received 141 phone calls, and all of them were timely handled.

#### 1.8 Fully made use of information technology to support supervisory functions and enable SIPF to better perform its functions

First, information technology was used to support Xintai Electric’s advance compensation. SIPF designed and developed the compensation computation program and submitted relevant patent applications to competent authorities, and based on this, coordinated litigation and non-litigation efforts. Second, information technology was used to support monitoring of securities market’s fund safety and protect investors’ wallet. Third, information technology was used to upgrade and optimize the Hotline, timely respond to investors’ demands and effectively protect their rights and interests. Fourth, better assistance was provided to enforcement activities. Fifth, information technology was used to support data analysis and application,

facilitate various research activities and provide solid data basis for supervisory efforts.

#### 1.9 Continued to promote international exchange and hosted the 2017 International Securities Investor Protection Conference

SIPF successfully convened the 2017 International Securities Investor Protection Conference, and representatives from 37 domestic and foreign organizations attended the Conference to discuss about current priorities and actual needs of investor protection as well as prospective risk issues in connection with global economic development. SIPF actively shared its achievements in respect of special compensation, monitoring of risks of securities companies, etc., exchanged and disseminated China's experience and worked effectively in building an international exchange and cooperation platform, uplifting China's appeal and influence in the field of investor protection and improving proactive and anticipatory investor protection.

#### 1.10 Strengthened publicity and information reporting and timely published investor protection information for the benefit of investors

First, relevant operations were publicized to highlight the image of professionalism. In 2017, SIPF held 33 press releases. Second, public opinions and online comments were properly monitored. SIPF established the working group for online comments, formulated the work plan and actively assisted CSRC General Office to monitor public opinions and online comments, and assisted with public opinion monitoring and reporting for SIPF major activities, such as Xintai Electric's special compensation. Third, SIPF actively reported its relevant achievements to regulatory authorities.

#### 1.11 Adhered to strict corporate governance and consistently enhanced SIPF's general management

1.11.1 Ensured accountability and strengthened leadership and team building. First, SIPF recruited talents in strict accordance with latest spirits and requirements of CPC Central Committee. Second, SIPF selected and appointed cadres in strict with relevant

criteria and required them to have both ability and integrity, with integrity being the first consideration, and defined promotion requirements. SIPF conducted personnel adjustment and reviewed and evaluated cadres to be appointed in strict accordance with relevant requirements. Third, SIPF attached importance to talent cultivation and strengthened training. Fourth, performance evaluation was carried out to provide incentives and create a capable and cooperative team, and through exchange and participation in key operations, aspiring young talents were recruited. Fifth, SIPF strived to retain cadres with career and care. Party committee, labor union, Youth League, youth associations and women's federation worked together to strengthen SIPF's cohesion and attraction and maintain personnel stability.

1.11.2 Standardized internal management and enhanced management level. First, SIPF improved its rules and measures by combining strictness and kindness and paying equal attention to incentives and disincentives. In 2017, SIPF formulated or amended 14 policies, involving code of conduct, personnel assessment and recruitment, management of dispatched personnel, etc.; SIPF further improved its financial management by strengthening budget management, standardizing financial and expense review and reinforcing project management; SIPF reinforced the awareness of prudence and compliance and managed its subsidiary and participated entities from the point of serving the real economy. Second, strict accountability was put in place to ensure various documents and matters being timely handled, and no delay occurred. Third, network and information security was strengthened to prevent and resolve relevant risks. SIPF did the best to ensure network and information security during the 19th CPC National Congress, further the security of confidential information, reinforce inspection, rectification, education and training with respect to network and information security, and improve its controllability over information systems, thus being awarded the title of "National Copyright Demonstration Unit" (Software Legalization). Fourth, logistics support was provided. SIPF resolved staff

members' concerns by strengthening the management of dining halls and parking lots; standardized annuity operations to effectively protect staff members' rights and interests; properly managed fixed assets and low-value consumables; and provided security and cleaning service to create a safe and clean office environment.

## 2. MAIN TASKS IN 2018

In 2018, SIPF will continue to study, publicize and implement the spirits of the 19th CPC National Congress, adhere to President Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and work diligently to resolutely implement the decisions adopted by the Central Economic Work Conference, the National Financial Work Conference and CSRC supervisory meetings, prevent and resolve financial risks and push forward various activities without any empty idea and talk.

### 2.1 Study, publicize and implement the spirits of the 19th CPC National Congress, implement CSRC decisions and integrate Party building with business operation

First, SIPF will give first priority to the study, publicity and implementation of the spirits of the 19th CPC National Congress, continue to regularize and institutionalize "Two Studies and One Action" education, and take exploratory and innovative measures to make regularized and institutionalized arrangements. SIPF will offer a variety of Party building activities and always require Party members to be eligible, disciplined, firm in belief and politically trustworthy. Second, SIPF will carefully study Party building requirements of the 19th CPC National Congress, steadily push forward comprehensive Party administration, "One Post and Two Responsibilities" for Party style building and clean governance and combination of Party building and business operation, define the responsibility on different levels, turn Party branches into strongholds and promote SIPF's innovation operations. Third, SIPF will build a team of

talents from diversified and multiple dimensions. SIPF will build a politically and professionally capable team by highlighting political and capability building, expanding sources of talent recruitment, improving the talent cultivation system and adapting to new requirements in a new era.

### 2.2 Improve the risk monitoring and warning system for securities companies and warn against industrial risks

First, SIPF will continue to improve the classified warning mechanism for the Monitoring System and ensure investors' fund safety. Second, SIPF will improve risk monitoring for securities companies, strengthen routine risk monitoring and warning for securities companies, explore, improve and enrich the existing risk monitoring system, and realize the monitoring, warning and reporting of industrial risks and common issues. Third, SIPF will take advantage of big data to further strengthen data analysis and hotspot study, and provide enforcement assistance and information sharing for fights against various violations.

### 2.3 Expand investor relief channels and diversify securities and futures dispute resolution

First, SIPF will cooperate with CSRC's delisting arrangement, improve advance compensation by sponsors and properly handle compensation-related matters. Second, SIPF will work diligently to promote the pilot of administrative settlement, and take care of administrative settlement fund management and payment. Third, SIPF will act as a mediator to explore and practice new approaches for securities dispute resolution.

### 2.4 Continue to provide unhindered channels for investors to express their opinions and properly handle investors' demands

First, SIPF will continue to improve the confidence index system for multiple players. Based on prior study, SIPF will continue to study the correlation between confidence indices for investors and business office managers and key securities market indices, sections and operation indicators and domestic macroeconomic performance and policies, and continue to play its role

in preventing financial risks and serving the real economy in new circumstances. Second, SIPF will continue to handle matters related to investors' demands, operate and maintain 12386 Hotline, promote and expand the pilot of direct transfer of complaints, improve relevant policies and processes and handle investors' concerns in a more efficient manner.

#### 2.5 Continue to carry out investor education and publicity

First, SIPF will make use of multimedia technology to extract and present common investor needs and the contents directly related to investors' interests through cartoon and other vivid means. Second, SIPF will make

synergic use of official website, MicroBlog, WeChat and mobile APP to prepare and publish typical cases of the Hotline.

#### 2.6 Continue to study policies related to securities investor protection fund

As required by the report of the 19th CPC National Congress, SIPF will improve the financial regulation system, defend the bottom line of no occurrence of systematic financial risk, and continue to study the investor protection fund system that can accommodate healthy development of the multilevel capital market in a new era.





## IMPORTANT MEETINGS AND ACTIVITIES OF THE COMPANY IN 2017

## International Securities Investor Protection Conference was Held

From August 30 to August 31, SIPF successfully convened the International Securities Investor Protection Conference, and representatives from 37 domestic and foreign organizations attended the Conference to discuss about current priorities and actual needs of investor protection as well as prospective risk issues in connection with global economic development.

According to Assistant Chairman Huang Wei, “the Conference is very meaningful and covers quite professional and extensive issues. It is a helpful effort for a great number of national and regional investor protection organizations gather together to explore relief to capital market investors’ rights and interests - an issue of general significance.” Through the Conference, SIPF actively shared its achievements in respect of special compensation and monitoring of risks of securities companies, etc., exchanged and disseminated China’s experience and worked effectively in building an international exchange and cooperation platform, uplifting China’s appeal and influence in the field of investor protection and improving proactive and anticipatory investor protection.



CSRC Assistant Chairman Huang Wei



SIPF Chairman Liu Hongtao



SIPC President Stephen Harbeck



CIPF President & CEO Rozanne Reszel



## SIPF Party Committee Secretary Introduced the Spirits of the 19<sup>th</sup> CPC National Congress to All Cadres and Staff Members

On November 23, SIPF convened a general meeting specific to all cadres and staff members, and Secretary of Party Committee Liu Hongtao gave a comprehensive introduction of the spirits of the 19th CPC National Congress by delivering a speech on “Striving for an All-around Affluent Society and Obtaining the Great Victory for Socialism with Chinese Characteristics for a New Era”. The speech, being lively, detailed and well targeted, aroused strong sympathy of all cadres and staff members. The Meeting called all Party members and cadres to comprehensively and accurately study and grasp the essence of the spirits of the 19th CPC National Congress, to fully understand President Xi Jinping’s



important talks, instructions and comments on financial work and capital market, to focus on the new era and the new mission and further enhance the sense of pride, responsibility and mission, and to fully perform various duties in respect of market risk resolution and investor rights protection, provide better service to regulatory authorities, market and investors and contribute more wisdom and strength to the cause of investor protection.

## CSRC Youth Delegation Visited SIPF to Exchange and Discuss the Spirits of the 19<sup>th</sup> CPC National Congress



On December 14, CSRC Youth Delegation visited SIPF to exchange and discuss the spirits of the 19th CPC National Congress with 15 youth Party members of SIPF, with a purpose to further arouse the sense of responsibility and mission of youth Party members and staff members. Through such an exchange, the youth of SIPF felt highly inspired, elevated and motivated. They all avowed to keep in mind that “the nation rises when the youth rise, and becomes strong when the youth are strong”, as President Xi Jinping said, assume the historical mission, continue to earnestly study, reflect on,

practice and grasp the spirits of the 19th CPC National Congress in the course of their respective work, and strive to contribute to the building of an internationally competitive capital market with Chinese characteristics.

## SIPF Offered the Training Course on the Spirits of “the 6<sup>th</sup> Plenary Session of the 18<sup>th</sup> CPC National Congress”



From June 12 to July 29, SIPF organized three rounds of a 6-day training course for 63 Party cadres, with an aim to further improve its staff members’ political qualification and to make them have a better understanding of the essence of the spirits of the 6th Plenary Session of the 18th CPC National Congress. The training focused on studying the spirits of the 6th Plenary Session of the 18th CPC National Congress and explaining the Rules and the Regulations, and invited experts from Central Party School and other units to provide systematic teaching. Through systematic learning, SIPF cadres and staff members had a better understanding of the spirits of the 6th Plenary Session of the 18th

CPC National Congress, reinforced “Four Awarenesses”, “Four Self-confidences” and “Four Obeys”, enhanced the awareness of the Party, the Party membership and the Party Constitution and regulations. They all indicated that they had learned a lot, and the training obtained the expected result.

## Commemorate Revolutionary Martyrs and Carry on their Spirits

—SIPF carried out characteristic Party activities

In 2017, in order to further normalize and institutionalize the learning and education of “Two Studies, One Action” and motivate Party members and cadres to be qualified, SIPF organized 6 rounds of theme Party activities for Party cadres and members at Mount Langya, Gazi Village of Baiyangdian and other revolutionary education bases. By climbing Mount Langya and visiting Yanling Team Museum, Party members received a profound mental baptism, experienced ethos inherited, further enhanced their political and ideological consciousness, strengthened “Four Awarenesses” and adhered to “Four Self-confidences” and “Four Obeys”. They were further aroused not to forget their original purpose and mission, to work diligently and faithfully and dedicate themselves to the cause of investor protection, and to play a part in building an internationally competitive capital market with Chinese characteristics.



## Strengthen Grassroots Party Organization and Improve Party Building Capacity



On November 1, SIPF and China Securities Information Technology Service Limited Company co-hosted a training course for members of Party branches to introduce Party building, cadre supervision and the role of Party branches, further study the spirits of the 19th CPC National Congress and implement the requirements of the 19th CPC National Congress on “focusing on improving organizational capability and strengthening grassroots Party organization”. Participants all said that the training was well targeted and operable, further improved their knowledge of the work of grassroots Party organization and provided them with good

idea and reference to improve the work of Party branches, and next, they would strive to turn such knowledge into a driving force in practice, and continue to facilitate Party branches to work in a professional, standardized and elaborate manner, act as a stronghold and provide firm support and forceful guarantee for SIPF’s various activities.

## Continue with Education on Clean Governance and Build a Firm Ideological Defense Line

In 2017, SIPF successively organized Party members and cadres to study the Rules for the Implementation of the Eight-Point Regulations, watch the documentary “Clean Governance Lessons from History” and visit the exhibition of the achievements of “Five Years of Hard Work”, with a purpose to implement the Rules for the Implementation of the Eight-Point Regulations, the Regulation on Party and Government Organs to Practice Frugality and Reject Extravagance and relevant CSRC requirements, not to go beyond the red line of “15 Strict Prohibitions”, and to further



build a firm ideological defense line and stick to the ideological bottom line. Through well targeted and consistent study of clean governance, SIPF ensured no disconnection and interruption of its education on clean governance, promoted the formation of effective long-term mechanisms ensuring that people dare not, cannot and would not become corrupt, further strengthened Party members and cadres’ “Four Awarenesses” and “Four Self-confidences”, and enabled them to work for the cause of investor protection in a more vigorous manner and to play a greater role in facilitating SIPF to serve regulatory authorities, market and investors.

## SIPF Organized the 2017 Training Course on Alert Cases of the Transaction Settlement Fund Monitoring System

On May 23 and June 15, SIPF organized the training course on alert cases of the Transaction Settlement Fund Monitoring System, with an aim to prevent and control financial risks, facilitate financial institutions to reinforce awareness of operation prudence and compliance as well as risk management capability, strengthen the monitoring of investor fund security and enable the Transaction Settlement Fund Monitoring System (“Monitoring System”) to alert risks. Over 320 persons from settlement, compliance and technology departments of 102 securities companies attended the training.

The training summarized overall investor fund custody in 2016 and introduced in details over 20 types of alert cases found by the Monitoring System. In addition, 5 securities companies introduced their experience and practice in respect of risk resolution and management improvement. Participating securities companies all indicated that the training course, by means of case briefing, discussion and sharing, not only effectively protected investor fund security, but also had a positive role in motivating their voluntary operation compliance. The training obtained the expected result and helped improve investor fund custody and protection of investors’ lawful rights and interests by further clarifying the significance of the safety of investor fund custody from the perspective of national financial security, demonstrating the necessity and importance of including investor transaction settlement fund into securities companies’ compliance and risk control management mechanisms, overhauling possible potential risks in respect of investor fund safety and introducing specific practices and approaches of risk prevention.



## SIPF Organized the 2017 Symposium on Data Quality of the Monitoring System

On May 23, SIPF organized the Symposium on Data Quality of the Monitoring System so as to further improve data truthfulness, accuracy and integrity of the Monitoring System and lay a fair basis for data analysis and research. SIPF Deputy GM Zhang Xiaowei and relevant responsible persons of 8 securities companies, including among others Essence Securities, Guotai Junan Securities and Guosen Securities, attended the Symposium.

The Symposium introduced work mechanisms, recent activities, results of and securities companies' comments on data quality examination and discussed issues related to such examination. Next, SIPF will further investigate and consider and continue to explore and improve the data quality examination scheme, proceed with the examination work and further enhance data quality of the Monitoring System to provide better safeguard for subsequent data analysis and application.



## SIPF Convened a Meeting to Report and Review Fund Custody in 2017

On December 14, SIPF worked with CSRC Department of Fund and Intermediary Supervision to convene a meeting to report and review fund custody in 2017, with a purpose to further implement important decisions adopted by the 19th CPC National Congress on preventing systematic capital market risks, guard against investor fund safety risks and strengthen communication and coordination between SIPF and related parties. SIPF Deputy GM Zhang Xiaowei presided over the meeting, SIPF Chairman Liu Hongtao was present and gave a speech, and relevant persons from 7 CSRC local offices, 3 related parties, 9 securities companies and 3 custodian banks attended the meeting.

The meeting emphasized that preventing investor fund safety risks was an important part of preventing financial risks and systematic risks in particular, and it's also a necessary act for preventing investors' lawful rights and interests. The meeting introduced overall performance of securities market transaction fund custody, discussed major, common as well as emerging issues that may affect the safety of investor fund custody, and made an arrangement for subsequent relevant activities. The meeting also presented and demonstrated the improvements to the monitoring information interaction and processing platform. Based on the problems found by the Monitoring System in 2017, participants discussed existing problems of securities companies and custodian banks with respect to internal management and compliance risk control, fully exchanged opinions on how to further strengthen the regulation, and CSRC Guizhou Office introduced its experience in disposing large-amount overdrafts. With the expected result being achieved and a consensus being reached, the meeting has a positive role in facilitating the fund safety monitoring work in 2018.



## SIPF Ad Hoc Group of Statistics Convened the 1<sup>st</sup> Symposium on the Monitoring of Risks of Securities Companies in 2017

On August 3, SIPF ad hoc group of statistics convened the 1st Symposium on the Monitoring of Risks of Securities Companies in 2017 to introduce recent developments of the monitoring of risks of securities companies, listen to comments of regulatory authorities and industry experts on the performance of monitoring indicators, strengthen experience exchange and sharing and improve market risk prevention and resolution. SIPF Chairman Liu Hongtao, SIPF Deputy GM Zhang Xiaowei and relevant responsible persons from CSRC Department of Fund and Intermediary Supervision, 9 CSRC local offices and 10 securities companies attended the meeting.



The meeting introduced SIPF's recent risk monitoring for securities companies, construction and operation of the Risk Monitoring Indicators for Securities Companies (V2.0) and securities companies' risk profile situation since October 2016, and listened to participants' opinions and suggestions. Next, based on these opinions and suggestions, SIPF will continue to investigate, consider, explore and improve the risk monitoring system for securities companies, continue to earnestly monitor securities companies' risks and provide better service to regulatory authorities and relevant institutions and investors.

## SIPF Ad Hoc Group of Statistics Convened the 2<sup>nd</sup> Symposium on the Monitoring of Risks of Securities Companies in 2017



On December 13, SIPF ad hoc group of statistics convened the 2nd Symposium on the Monitoring of Risks of Securities Companies in 2017 to introduce recent developments of the monitoring of risks of securities companies, listen to comments of industry experts and regulatory authorities on how to monitor industry (meso-level) risks, and exchange recent experience of management of key business risks of securities companies. SIPF Chairman Liu Hongtao, SIPF Deputy GM Zhang Xiaowei and relevant responsible persons from CSRC Department of Fund and Intermediary Supervision,

12 CSRC local offices and 8 securities companies attended the meeting.

The meeting presented SIPF's preliminary scheme for securities industry (meso-level) risk monitoring, introduced the drafting of the Measures for the Work of SIPF Ad Hoc Group of Statistics (draft for comment) and listened to participants' opinions and suggestions. Next, based on relevant opinions and suggestions, SIPF will continue to investigate, consider, explore and improve the multi-level and multi-dimensional securities company risk monitoring system, and continue to earnestly monitor securities companies' risks.

## SIPF and CSRC Beijing Office Signed the MOU

On July 3, SIPF and CSRC Beijing Office signed the MOU on Jointly Promoting Market Monitoring and Investor Protection in Beijing, with an aim to make use of respective advantages in market monitoring and investor protection to properly resolve various capital market disputes in Beijing, strengthen risk monitoring for securities companies in Beijing as well as investor fund safety monitoring, reinforce investor education and promote stable and healthy development of capital market in Beijing. SIPF Chairman Liu Hongtao and Director of CSRC Beijing Office Wang Jianping signed and exchanged the MOU, laying a solid basis for deeper mutual cooperation in the future.



## SIPF and CSRC Anhui Office Signed the MOU



On August 31, SIPF and CSRC Anhui Office signed the MOU on Jointly Promoting Market Monitoring and Investor Protection in Anhui, with an aim to make use of respective advantages in market monitoring and investor protection to properly resolve various capital market disputes in Anhui, strengthen risk monitoring for securities companies in Anhui as well as clients' transaction settlement fund safety monitoring, reinforce investor education and promote healthy and stable development of capital market in Anhui. SIPF Chairman Liu Hongtao and Director of CSRC Anhui Office Ye Jinwei signed and exchanged the MOU, laying a solid basis for deeper mutual cooperation in the future.

## SIPF and CSRC Fujian Office Signed the MOU

On October 31, SIPF and CSRC Fujian Office signed the MOU on Jointly Promoting Market Monitoring and Investor Protection in Fujian, with an aim to make use of respective advantages in market monitoring and investor protection, cooperate with each other in carrying out investor education activities, strengthen risk monitoring for securities companies in Fujian as well as clients' transaction settlement fund safety monitoring, reinforce investor education and promote healthy and stable development of capital market in Fujian. SIPF Chairman Liu Hongtao and Director of CSRC Fujian Office Lu Songbin signed and exchanged the MOU, laying a solid basis for deeper mutual cooperation in the future.





## Managing the “Advanced Compensation Fund for Xintai Electric Fraud Issuance”

In 2017, authorized by Industrial Securities, the Company acted as the manager of the “Advanced Compensation Fund for Xintai Electric Fraud Issuance”. This was a new approach to long-term investor compensation mechanism following the compensation funds for Wanfu Biotechnologies and Hirisun, and a breakthrough in compensating investors of compulsorily delisted companies. In the duration of the fund, 11,727 or 95.16% of the eligible investors filed valid applications, and RMB241,981,273 or 99.46% of compensation payable were paid. The advanced payment was welcome by all walks of life, and secured the delisting of Xintai Electric.

As the manager of advanced compensation funds, the Company gives full play of the role of conciliator in mitigating securities and futures disputes, and gains valuable experiences in perfecting the long-term investor compensation mechanism. In addition, we have gradually developed specialized investor compensation computing technology, shaped the well-structured working mechanism, launched the online platform and built an ample talent pool. The advantageous computing technology is of important practical significance. It may be applied to the judicial sector, mitigation processes and various dispute settlement mechanism, and support court judgment on securities infringement, dispute cases arising from, for example, false presentation.



## SIPF and Beijing No.1 Intermediate People's Court Signed the Agreement on Strengthening Litigation and Mediation Cooperation for Securities and Futures Disputes

On October 12, SIPF and Beijing No.1 Intermediate People's Court signed the MOU on Strengthening Litigation and Mediation Cooperation for Securities and Futures Disputes, with an aim to make full use of respective advantages in securities and futures dispute resolution and investor protection, safeguard the openness, fairness and justice of capital market and facilitate capital market to develop in a harmonious and healthy manner.

At the signing ceremony, Chairman Liu Hongtao introduced SIPF as an investor protection organization established with approval of the State Council, which has taken advantage of its



experience in disposition of securities companies and investor compensation to gradually explore and develop investor compensation computing techniques, and put in place sound working mechanisms, online platform and talent pools. Technical means and advantages adopted by SIPF for computing the amount of compensation to eligible investors can be used in judicial judgment and mediation and other diversified dispute resolution mechanisms to provide support from multiple aspects for cases of securities infringement, such as misrepresentation. According to Chairman Liu Hongtao, the cooperation is an important effort for both parties to implement the spirits and requirements prescribed in the Opinions on Improving Diversified Conflict and Dispute Resolution Mechanisms promulgated by the General Office of CPC Central Committee and the General Office of the State Council and the Notice on the Pilot of Diversified Securities and Futures Dispute Resolution Mechanisms in Some Areas published by the Supreme People's Court and the CSRC and to duly protect investors' lawful rights and interests by establishing and improving diverse well-connected and coordinated, efficient and convenient mechanisms for securities and futures dispute resolution, and both parties will further make use of respective advantages and work together to promote diversified resolution that involves joint efforts of multiple parties. Vice Chairman Yang Mingji signed the Agreement on behalf of SIPF. With expected result and full communication and exchange between both parties, the signing ceremony has an important practical meaning for SIPF and Beijing No.1 Intermediate People's Court to work together to establish securities and futures dispute litigation and mediation mechanisms.

## SIPF Convened the 1<sup>st</sup> Session of the 7<sup>th</sup> Expert Committee on China Securities Investor Protection Work

On November 22, SIPF convened the 1st Session of the 7th Expert Committee on China Securities Investor Protection Work, with a purpose to explore new ideas, approaches and measures for securities investor protection. SIPF Vice Chairman Yang Mingji presided over the Session, and 21 experts from regulatory authorities, securities industry, intermediaries and universities attended the Session.

The Session focused on three subject matters, i.e., advance compensation fund managers, securities and futures dispute resolution, and survey and assessment of small and medium investor protection in China, and offered constructive opinions and suggestions from macro as well micro perspective and theoretical, legal, operable and other aspects. The experts fully recognized the importance of SIPF's one-to-many mediation, transaction settlement fund monitoring system, risk monitoring system for securities companies, 12386 Hotline and investor protection survey and assessment for protecting investors' lawful rights and interests. The Session obtained the expected result, and SIPF will carefully study and fully take into account the experts' opinions and suggestions, steadily proceed with various activities, effectively improve the capability and level of investor protection and service, steadily improve the width and depth of its work, strive to become a distinctive and influential investor protection organization and facilitate healthy development of the multi-level capital market.



## SIPF and Shenzhen Securities and Futures Dispute Resolution Centre Signed the MOU

On December 8, SIPF and Shenzhen Securities and Futures Dispute Resolution Centre signed the MOU on Jointly Promoting Securities and Futures Market Dispute Resolution, with an aim to enable securities and futures supervisory bodies and mediation bodies to make use of respective advantages in preventing and resolving securities and futures conflicts and disputes, establish diverse well-connected, coordinated, efficient and convenient resolution mechanisms, safeguard the openness, fairness and justice of capital market, facilitate capital market to develop in a harmonious and healthy manner and effectively protect investors' lawful rights and interests.



At the signing ceremony, Vice Chairman Yang Mingji signed the MOU on behalf of SIPF, and introduced SIPF's experience and achievements in respect of risk disposition for securities companies, transaction settlement fund monitoring, risk monitoring for securities companies, investor demand resolution and investor compensation, etc. According to Vice Chairman Yang Mingji, the cooperation is an important effort for both parties to implement the spirits and requirements prescribed in the Opinions on Improving Diversified Conflict and Dispute Resolution Mechanisms promulgated by the General Office of CPC Central Committee and the General Office of the State Council and the Notice on the Pilot of Diversified Securities and Futures Dispute Resolution Mechanisms in Some Areas published by the Supreme People's Court and the CSRC and to duly protect investors' lawful rights and interests by establishing and improving diverse well-connected, coordinated, efficient and convenient mechanisms for securities and futures dispute resolution. Through such cooperation, SIPF will actively make use of its expertise and technical advantage in cases of misrepresentation of listed companies, work with the Centre to explore new solutions for securities and futures dispute resolution and investor protection, further improve the capability for voluntary market service, promote diversified resolution of securities and futures disputes and play a greater role in protecting lawful rights and interests of small and medium investors and promoting healthy capital market development and social harmony and stability.

## SIPF Organized the First Training Course on Investor Survey in 2017

From August 3 to August 4, SIPF organized the first training course on investor survey in 2017. Executive Director Rui Yuehua was present and gave a speech, and head office coordinators and business office investigators of 32 securities companies attended the training.

SIPF introduced the overall survey progress and the application of its results, and explained in detail the functions of and how to use the new mobile APP and the sample management system as well as solutions of problems in connection with the survey. Representatives from Zheshang Securities, Fortune Securities and Western Securities introduced the experience of assisting SIPF with the survey. SIPF also invited experts and scholars from CSRC Department of Fund and Intermediary Supervision, Fund Research Center of China Galaxy Securities and Communication University of China to talk about “The Requirements Prescribed in the Measures for the Suitability Management of Securities and Futures Investors and Means and Measures for Implementation”, “The Practice of Suitability Risk Assessment for Public Placement Funds and Its Meaning for Securities Companies’ Product Risk Classification” and “How to Disseminate Securities Market information and Guide Public Opinions in the Context of New Media”, further reinforced participants’ understanding and knowledge of these regulatory requirements, helped survey personnel to grasp the characteristics of information exchange among investor groups and facilitated market players to actively perform the obligation of suitability management. Participants actively offered valuable suggestions. The training obtained the expected result and laid a solid basis for SIPF’s investor survey.



## SIPF Organized the Second Training Course on Investor Survey in 2017

From December 13 to December 14, SIPF organized the second training course on investor survey in 2017. Peng Jing, Secretary of SIPF Disciplinary Inspection Committee, was present and gave a speech, and 70 representatives from 34 securities companies attended the training.

With a theme on “Further Studying the Spirits of the 19th CPC National Congress, Scientifically and Steadily Preparing and Conducting the Survey and Serving the Building of a Multilevel Capital Market”, SIPF introduced the progress, achievements and subsequent arrangement of the 2017 survey, with emphasis over SIPF’s investor survey mechanism, investor protection assessment mechanism, organizational structure for investor survey implementation and improvements to be made, sampling from investor database and improvements to be made, application and commercialization of survey results, etc. Representatives from Wanlian Securities, Western Securities and Sealand Securities introduced respective survey implementation and investor education. SIPF also invited experts and scholars from CSRC Investor Protection Bureau, CMSMC and Beijing Jiaotong University to introduce “The Work and Regulatory Requirements Related to Investor Protection”, “Central Database and Risk Monitoring for Securities Market” and “Integration and Application of Big Data and Sample Survey”, etc., enabling the participants to have a better understanding of the importance and scientificness of securities market survey. The training course obtained the expected result and provided a helpful reference for SIPF to improve the survey.



## SIPF Organized the First Training Course on Business Office Manager Survey in 2017

On August 4, SIPF organized the first training course on business office manager survey in 2017, and 20 business office general managers from 9 securities companies attended the training.

SIPF introduced the establishment of the confidence index system for various market players, summarized the performance and characteristics of the investor confidence index and the business office manager confidence index in H1 2017 and consulted with the participants about establishing rapid random survey mechanisms and adjusting the business office manager database. The training obtained the expected result, strengthened the

participants' understanding of business office manager confidence index preparation, aroused their passion to be involved in the survey and laid the basis for survey activities in the future.



## SIPF Organized the Second Training Course on Business Office Manager Survey in 2017



On December 14, SIPF organized the second training course on business office manager survey in 2017, and 20 business office general managers from 14 securities companies attended the training.

SIPF introduced the 2017 business office manager confidence survey, the operation and characteristics of the confidence index, improvement and optimization of result presentation function of the mobile APP and the expansion of business office manager database to be made in 2018. Participants actively offered valuable opinions and suggestions with respect to establishment of online survey mechanisms, optimization of the pattern and effect of

survey implementation, expansion of the scope of result application and reinforcement of investor protection work. The meeting obtained the expected result, fully took into account business office managers' opinions and suggestions and aroused their sense of identity and responsibility.

## 2017 Media Symposium was Held

On December 25, SIPF held the 2017 Media Symposium, with an aim to publicize its investor protection work and improve its public opinion environment. Chairman Liu Hongtao attended and presided over the meeting, and reporters from 9 media attended, including the Securities Daily, the Securities Times and CCTV Finance Channel.

First of all, Chairman Liu Hongtao introduced the achievements in monitoring investor fund safety and risks of securities companies, acting as the manager for a variety of funds, responding to investors' opinions from multiple channels and promoting international exchange as made by SIPF in the course of preventing and resolving market risks and protecting investors' lawful rights and interests – the two core mandates. Next, the heads of relevant SIPF departments systematically introduced SIPF's core systems. While listening to the introduction, the reporters asked questions about the role and institutional design for fund manager, investor fund monitoring, risk monitoring for securities companies, confidence index preparation and pilot of direct transfer, etc., to which SIPF answered.

Chairman Liu Hongtao emphasized that the work of investor protection had a great impact and a profound meaning, while SIPF's work, being "preventive" and "fundamental" in nature, often could not be "clamorous" and "promptly effective", and might be effective after generations of exploratory and diligent efforts. She wished that the media could continue to pay attention to and support SIPF, so that SIPF could be nearer to regulatory authorities, market and investors, provide investors with people-centric service in a more comprehensive and timely manner and effectively promote healthier and steadier development of capital market.





## Learn and Act to Arouse Positive Energy of the Youth

In 2017, led by the Communist Youth League Committee of CSRC and Party Committee of SIPF, the Communist Youth League Committee of SIPF studied, publicized and implemented the spirits of the 19th CPC National Congress, focused on SIPF's central tasks and four-dimensional purpose of "gathering the youth, serving overall situation, acting as a bridge and governing the Youth League strictly", and continued to work diligently and fruitfully in respect of ideological building, self-building, cultural activities, social practice, etc. Through education and practice of "One Study, One Action", the youth are motivated to consistently reinforce their sense of responsibility and mission, adhere to ideal and belief, work hard, improve their ability and qualification, assume the task of serving regulatory authorities, market and investors by virtue of fearless innovation, firm belief, good moral character, rich knowledge and powerful ability, and contribute youth and power to the building of an internationally competitive capital market in China.



▶ Youth League awarding ceremony. Award the excellence to encourage more achievements.

▶ Theme lecture on Youth League capacity building—Go through all hardships and remain true to the founding mission of the Party.



▶ Youth League meeting in commemoration of the May Fourth Movement. Retake the oath to follow the CPC without forgetting the original aspiration.



▶ Youth League meeting themed “Party Building Study”. Study the speeches of President Xi Jinping to be qualified Youth League members.

▶ Speech contest on “How to be a Qualified Youth League Member”. Build a dream for youth and dedicate to insurance business.



▶ Visit to the Museum of “No New China if Without CPC”. Be faithful to our original aspiration, listen to the directions set by the Party and follow its command.



## STATISTICAL FORMS

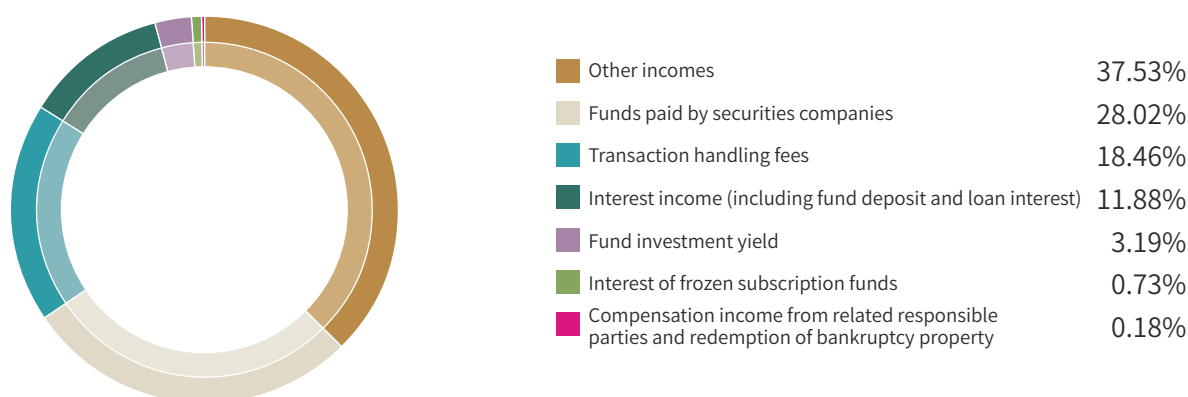
## STATISTICAL SUMMARY

### [Protection Fund Raising and Using]

In 2017, RMB11,992 million was raised, including RMB2,213.9 million from transaction handling fees, accounting for 18.46%; RMB3,360 million from funds paid by securities companies, accounting for 28.02%; RMB87.10 million from the interest of frozen subscription funds, accounting for 0.73%; RMB1,424.9 million of interest income (including fund deposit and loan interest), accounting for 11.88%; RMB383 million from fund investment yield, accounting for 3.19%; RMB21.9 million from compensation income from related responsible parties and redemption of bankruptcy property, accounting for 0.18%; and RMB4,501.1 million from other incomes, accounting for 37.53%.

In 2017, SIPF, cumulatively, spent RMB2,204.2 million, with RMB0.5 million for risk disposal, RMB 26.1 million for risk monitoring, RMB18.2 million for entrusted fund management, and RMB2,159.3 million for other expenses.

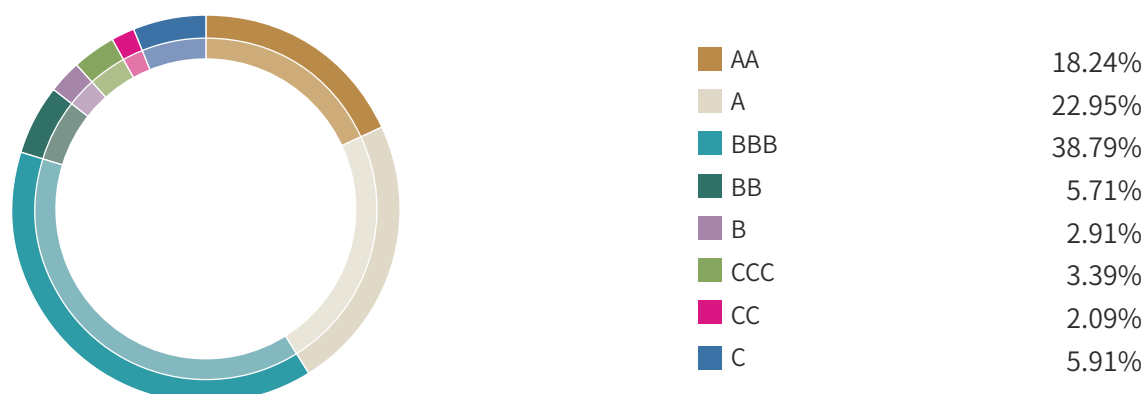
Chart 1 Protection Fund Raising in 2017



### [Classification and Fund Payment of Securities Company]

In 2017, securities companies had paid RMB3,360 million to SIPF in accordance with percentages set by the CSRC, including RMB613 million from securities companies of category AA, RMB771.2 million from securities companies of category A, RMB1,303.5 million from securities companies of category BBB, RMB191.9 million from securities companies of category BB, RMB97.8 million from securities companies of category B, RMB113.8 million from securities companies of category CCC, RMB70.1 million from securities companies of category CC, and RMB198.6 million from securities companies of category C.

Chart 2 Classification and Fund Payment of Securities Company



### [Issuance of Protection Fund by SIPF]

By the end of December 2017, SIPF had issued a total of RMB22,520.5 million of protection fund to 24 disposed securities companies, including RMB16,265 million to fill the gap of clients' securities transaction settlement funds, accounting for 72.22%, and RMB6,255.5 million to acquire personal claim, accounting for 27.78%.

Chart 3 Issuance of Protection Fund by SIPF



### [Basic Information of Risk Disposition of Securities Companies]

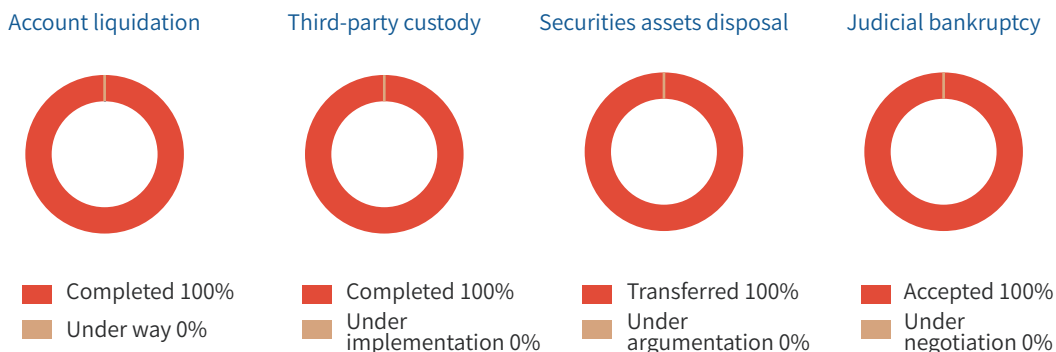
Account liquidation: by the end of December 2017, account liquidation had been finished for 24 disposed securities companies, accounting for 100% (24 companies, the same as below).

Third-party custody: by the end of December 2017, third-party custody was completed for 24 disposed securities companies, accounting for 100%, and 624 sales offices of entire disposed securities companies were 100% accessible online.

Securities assets disposal: by the end of December 2017, the transfer of securities assets had been finished for 24 disposed securities companies.

Judicial bankruptcy: by the end of December 2017, the bankruptcy cases of 24 disposed securities companies (accounting for 100%) had been accepted by competent courts.

Chart 4 Progress of Risk Disposition of Securities Companies



### [The Number of Accounts & Individual Creditors Involved In Appropriated Protection Fund]

By the end of December 2017, RMB16,265 million had been used to fill the gap of clients' transaction settlement funds (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 claims, involving 61,310 personal creditors.

### [Dormant Accounts and Single-fund Accounts of Disposed Securities Companies]

By the end of December 2017, 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 Funds]

By the end of December 2017, based on the account liquidation result for disposed securities companies, RMB16,528.9 million was necessary to fill the gap of clients' transaction settlement funds, 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' transaction settlement funds (not including the acquisition funds for dormant and single-fund accounts), and the surplus had been returned, amounting to RMB119.6 million.

### [Basic Information of Creditor's Rights of SIPF]

By the end of December 2017, 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 RMB25,216.4 million, and pre-declared claims amount to RMB2,301.2 million.

### [Payment of SIPF Claims]

By the end of December 2017, 24 securities companies had entered into bankruptcy proceedings. SIPF had received RMB4,247.5 million in cash (including RMB6.1 million managed on behalf of the MOF), stocks of 11 companies and 1 fund as well as 2 stocks on behalf of the MOF.

### [Basic Information of Special Audits]

By the end of December 2017, formal audit reports had been issued for clients' transaction settlement funds of 24 disposed securities companies, and 22 companies had been provided a formal audit report on personal claim.

### [Basic Situation of Hotline]

From January 1 to December 31, 2017, the Hotline received a total of 117,765 investor calls from telephone and the network, and generated and processed 73,224 valid work orders, with 14,709 for suggestions, accounting for 20.09%, 32,215 for inquiries, accounting for 44.00%, and 26,300 for complaints, accounting for 35.92%.

Business Report | Table 1 Protection Fund Raising and Using

Unit: RMB100 million

Item	Line	2017	2016	Item	Line	2017	2016
<b>I. Re-lending from the People's Bank of China</b>							
1. Balance of re-lending deposit at the beginning of 2017	1	-	-	3. Fund using in 2017	18	22.042	-52.643
2. Re-lending obtained throughout 2017	2	-	-	(1) Risk disposal expenses	19	0.005	0.005
3. Net interest income from re-lending deposit	3	-	-	(2) Risk monitoring expenses	20	0.261	0.262
4. Re-lending utilized in 2017 (minus: the amount returned)	4	-	-	(3) Entrusted fund management fee	21	0.182	0.730
5. Balance of re-lending at the end of 2017 (5=1+2+3-4)	5	-	-	(4) Management fee of fund management institutions	22		
				(5) Fund transaction fee	23		
				(6) Fund investments	24		-85.000
				(7) Interest payment for PBC re-lending	25		
<b>II. Funds raised by SIFP</b>							
1. Balance of fund deposit at the beginning of 2017	6	521.115	285.521	(8) Principal payment for PBC re-lending	26		
2. Funds raised in 2017	7	119.920	172.921	(9) Other expenses	27	21.593	31.360
(1) Transaction handling fees	8	22.139	36.387	4. Fund balance at the end of 2017 (28=6+7-18)	28	618.993	511.085
(2) Funds paid by securities companies	9	33.600	35.870	<b>III. SIFP bond issuance</b>			
(3) Interest of frozen subscription funds	10	0.871	2.959	1. Balance of deposit of bond issuance at the beginning of 2017	29		
(4) Acceptance of donation	11			2. Revenue from bond issuance	30		
(5) Interest income (including fund deposit and loan interest)	12	14.249	3.167	3. Funds used for bond issuance in 2017	31		
(6) Fund investment yield	13	3.830	7.463	4. Balance of deposit of bond issuance at the end of 2017 (32=29+30-31)	32		
(7) Compensation income from related responsible parties and redemption of bankruptcy property	14	0.219	4.412	<b>IV. Total fund raising and using</b>			
(8) Net income from disposition of compensation assets	15			1. Balance at the beginning of 2017 (33=1+6+29)	33	521.115	285.521
(9) Returned risk settlement fund advances	16		0.005	2. Funds raised in 2017 (34=2+3+7+30)	34	119.920	172.921
(10) Other incomes	17	45.011	82.658	3. Funds used in 2017 (35=4+18+31)	35	22.042	-52.643
				4. Balance at the end of 2017 (36=33+34-35)	36	618.993	511.085

Note: 1. Balance of fund herein is limited to bank deposit, and "Other incomes" mainly include held-for trading financial assets.

2. "Balance of fund deposit at the beginning of 2017" is adjusted.

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

Unit: RMB100 million

Classification result	Number of securities companies	Proportion of payment (%)	Accumulative amount paid in 2017
A	AAA		
	AA	0.75%	6.130
	A	1.00%	7.712
B	BBB	1.50%	13.035
	BB	1.75%	1.919
	B	2.00%	0.978
C	CCC	2.50%	1.138
	CC	2.75%	0.701
	C	3.00%	1.986
D			
<b>Total</b>	<b>129</b>		<b>33.600</b>

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 refers to the proportion that was approved by the CSRC for securities company to pay the funds to SIFP based on its operation income.



Business Report | Table 3 Issuance of Protection Fund by SIPF

Unit: RMB100 million

S/N	Company disposed	Issuance of the Protection Fund by SIPF		Issuance of the Protection Fund by PBC re-lending		Issuance of the Protection Fund by the funds raised from the market	
		Clients' securities transaction settlement funds	Personal claims	Clients' securities transaction settlement funds	Personal claims	Clients' securities transaction settlement funds	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	Tianyi Securities	3.185	0.304				0.0002
	TOTAL	156.237	58.027			6.413	4.528

Note: SIPF has utilized funds raised from the market to acquire personal claims of companies disposed and fill the gap of clients' securities transaction settlement funds since 3-July-08.

Table 4 Basic Information of Risk Disposition of Securities Companies

S/N	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 assets disposal		Judicial bankruptcy		Remarks
								Status	Number of online company	Status	Transferee	Status	Competent court	Announcement date		
1	Deheng Securities	3-Sep-04	Shanghai Commissioner Office	14	Huarong Company	Huarong Company	GAOPA	Completed	Completed	14	Transferred	Huarong Securities	Accepted	Shanghai No.1 Intermediate People's Court	9-Nov-07	
2	Hengxin Securities	3-Sep-04	CSRC Hunan Office	7	Huarong Company	Huarong Company	GAOPA	Completed	Completed	7	Transferred	Huarong Securities	Accepted	Changsha Intermediate People's Court	21-Aug-07	
3	Zhongfu Securities	3-Sep-04	Shanghai Commissioner Office	13	Gaopeng & Partners	Gaopeng & Partners	Nanfeng Minhe 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	Hantang Securities	3-Sep-04	CSRC Shenzhen Office	22	CINDA	CINDA	Xiamen Tianjian Huatian Huatian 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 Tianjian Huatian Huatian Accountants' Firm	Completed	Completed	29	Transferred	Dongxing Securities	Accepted	Fuzhou Intermediate People's Court	18-Jul-08	
6	China Eagle Securities	14-Jan-05	Shenzhen Commissioner office	31	China Audit Asia Pacific CPA Co., LLP	China Audit Asia Pacific CPA Co., LLP	GAOPA	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	Beijing JinCheng TongDa & Neal Law Firm	Beijing JinCheng TongDa & Neal Law Firm	GAOPA	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	Shanghai Luxin Changjiang Certified Public Accountants	Shanghai Luxin Changjiang Certified Public Accountants	GAOPA	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	Beijing Zhongxingyu CPA	Beijing Zhongxingyu CPA	Beijing Zhongxingyu 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	Beijing King & Wood Law Firm	Beijing King & Wood Law Firm	Beijing Zhongxingyu CPA	Completed	Completed	17	Transferred	Guosen Securities	Accepted	Guangzhou Intermediate People's Court	30-Nov-07	
11	Wuhan Securities	5-Aug-05	CSRC Hubei Office	25	Beijing Forever Law Firm	Beijing Forever Law Firm	Wuhan Zhongtuan CPA	Completed	Completed	25	Transferred	Guangfa Securities	Accepted	Wuhan Intermediate People's Court	11-Jan-08	
12	Gansu Securities	26-Aug-05	CSRC Gansu Office	9	Beijing Laused & Titan Law Firm	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	Guantaos Law Firm	Guantaos Law Firm	Shenzhen Bahua 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	China Audit Asia Pacific CPA Co., LLP	China Audit Asia Pacific CPA Co., LLP	GAOPA	Completed	Completed	58	Transferred	Essence Securities	Accepted	Guangzhou Intermediate People's Court	2-Jan-08	
15	Dogain Securities	25-Nov-05	CSRC Beijing Office	13	Lantai Partners	Lantai Partners	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	JunZeJun Law Office	JunZeJun Law Office	Xiamen Tianjian Huatian Accountants' Firm	Completed	Completed	20	Transferred	Nanjing Securities	Accepted	Yinchuan Intermediate People's Court	11-Jan-07	
17	China Securities	16-Dec-05	Beijing Municipal Government	87	CINDA	CINDA	GAOPA	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	Beijing Dacheng Law Firm	Beijing Dacheng Law Firm	Xiamen Tianjian Huatian 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	Boss & Young Law Firm	Boss & Young Law Firm	Zhongtuan Huazheng CPA Co., Ltd.	Completed	Completed	38	Transferred	Guangfa Securities	Accepted	Shijiazhuang Intermediate People's Court	24-Jul-07	
20	Xinjiang Securities	17-Feb-06	CSRC Xinjiang Office	24	Huazheng CPA Co., Ltd.	Huazheng CPA Co., Ltd.	Huazheng CPA Co., Ltd.	Completed	Completed	24	Transferred	Hongyuan Securities	Accepted	Urumchi Intermediate People's Court	26-Feb-08	

## Business Report

Table 4 Basic Information of Risk Disposition of Securities Companies

S/N	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
21	Centergate Securities	24-Feb-06	Shenzhen Commissioner office	14	Essence Securities	Beijing Jincheng Tongda & Neal Law Firm	Beijing Xinghua CPA	Completed	Completed	14	Transferred	Essence Securities	Accepted	Beijing No.1 Intermediate People's Court	7-Sep-07	
22	China Sci-Tech Securities	24-Feb-06	Shenzhen Commissioner office	23	Essence Securities	Beijing Zhongxingyu CPA	Beijing Zhongxingyu CPA	Completed	Completed	23	Transferred	Essence Securities	Accepted	Beijing No.2 Intermediate People's Court	7-Sep-07	
23	Tiantong Securities	17-Mar-06	CSRC Shandong Office	57	Oilu Securities	Shandong Provincial Government	Beijing Jingdu CPA Co., Ltd.	Completed	Completed	57	Transferred	Oilu Securities	Accepted	Jinan Intermediate People's Court	15-Jan-08	
24	Tianyuan Securities	7-Jul-06	CSRC Ningbo Office	20	Everbright Securities	Beijing Zhongwen Law Firm	Shanghai Lixin Changjiang CPA Co., Ltd.	Completed	Completed	20	Transferred	Everbright Securities	Accepted	Ningbo Intermediate People's Court	30-Sep-07	
	China Southern Securities	2-Jan-04	CSRC, Shenzhen Municipal Government	74	Administrative Takeover Group	Shenzhen Municipal Government	Deloitte Touche Tomsett 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	CINDA	N/A	-	Completed	Completed	21	Transferred	CINDA 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	Xian Intermediate People's Court	5-Apr-07	No insufficiency
	Daton Securities	30-Apr-06	CSRC Dept. of Fund and Derivatives 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 Guangdong Office	16	Guangfa Securities	N/A	-	Completed	Completed	16	Transferred	Guangfa Securities	-	-	-	Converted into an industrial corporation
	Jutian Securities	13-Oct-06	Shenzhen Commissioner Office	16	Merchants Securities	Beijing Hanhua Law Firm	CACPA	Completed	Completed	16	Transferred	Merchants Securities	-	-	-	Compromise
	CIFCO Securities	24-Nov-06	CSRC, Jiangsu Provincial Government	9	Hengtai Securities	N/A	-	Completed	Completed	9	Transferred	Xintai 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, Jutian Securities and CIFCO Securities.

Table 5 The Number of Accounts & Individual Creditors Involved in Appropriated Protection Fund

S/N	Company name	Number of general accounts	Number of normal brokerage accounts	Number of dormant & single-fund accounts	Gap filled for clients' transaction settlement funds	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	Minfa 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	756	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	61,313	62,555

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

2. There is no need for Zhongfu Securities to apply for acquisition of the shortfall of client's transaction settlement funds, and no need for Wuzhou Securities and Northwest Securities to apply for the acquisition of personal claims.

## 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 funds to be acquired by the government, and data of its dormant & single-fund accounts is 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 fund returned.

## Business Report

Table 7 Acquisition of Clients' Securities Transaction Settlement Funds

S/N	Company name	Amount approved by the State Council	Gap of acquisition funds	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 funds" refers to data of the previous period, and since the adjustment gap is unreported, the accurate amount is uncertain until the final audit report is issued.
2. Since "Gap of acquisition funds" has not yet been determined, "Amount not yet appropriated after excluding dormant & single-fund accounts" is just an estimate.
3. "Amount appropriated" does not include the acquisition funds appropriated for dormant & single-fund accounts.
4. "Amount returned" refers to the surplus of acquisition funds returned to SIFP 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 funds.
6. The negative "Amount not yet appropriated after excluding dormant & single-fund accounts" is mainly due to the fact that acquisition funds had been appropriated to these companies prior to the promulgation of the policy in respect of dormant & single-fund accounts, which were not excluded.

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

S/N	Bankrupt 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 Huarong Shanghai Office, Shanghai Commissioner Office	21.62	16,100	6,076	Y	Y	N	
2	Hengxin Securities	Changsha Intermediate People's Court	Huarong Changsha Office	2.09	1,718	0,016	N	N	N	
3	Zhongfu Securities	Shanghai No.2 Intermediate People's Court	Gaopeng & Partners	3.75	1,045	-	N	N	Y	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared claims.
4	Hantang Securities	Shenzhen Intermediate People's Court	Zhonglun Law Firm	27.25	20,091	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared claims.
5	Minfa Securities	Fuzhou Intermediate People's Court	China Orient AMC, Zhonglun Law Firm, Lixin CPA Co., Ltd.	21.04	14,922	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared 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 will be made for the remaining SIFP pre-declared 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 Lixin Changjiang Certified Public Accountants	13.03	11,533	-	Y	Y	Y	
9	Wuzhou Securities	Luoyang Intermediate People's Court	Beijing Hairun Law Firm	4.23	3,120	-	Y	Y	Y	
10	Min'an Securities	Guangzhou Intermediate People's Court	Beijing King & Wood Law Firm	6.66	12,895	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared claims.
11	Wuhan Securities	Wuhan Intermediate People's Court	Beijing Forever Law Firm, JunZeJun Law Offices, Wuhan Zhengren Law Firm, BBO International Wuhan Zhonghuan CPA	5.89	5,062	0,824	N	N	Y	
12	Gansu Securities	Lanzhou Intermediate People's Court	Gansu Pacific Law Firm	0.89	1,819	-	N	N	N	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared claims.
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., LLP	21.73	21,443	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared claims.
15	Dogain Securities	Beijing No.1 Intermediate People's Court	Lantai Partners	1.90	2,349	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared claims.
16	Northwest Securities	Yinchuan Intermediate People's Court	JunZeJun 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	CINDA AMC	19.68	21,217	0,848	Y	Y	Y	
18	Xing'an Securities	Harbin Intermediate People's Court	Beijing Dacheng Law Firm	2.79	0,319	-	N	N	N	Full repayment is made and the administrator will not withdraw for the remaining SIFP pre-declared claims.
19	Hebei Securities	Shijiazhuang Intermediate People's Court	Beijing King & Wood Law Firm, Hebei Sanhe & Shidal Law Firm	3.70	2,242	-	Y	Y	Y	Full repayment is made and the administrator will not withdraw for the remaining SIFP pre-declared 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 will be made for the remaining SIFP pre-declared claims.
21	Centergate 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 Sci-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	-	Y	Y	N	The termination of the subject is requested, and no withdrawal will be made for the remaining SIFP pre-declared claims.
24	Tianyi Securities	Ningbo Intermediate People's Court	Beijing Zhongwen Law Firm, Kexin CPA	7.92	3,511	4,142	Y	Y	N	
Others	China Southern Securities	Shenzhen Intermediate People's Court	Beijing King & Wood Law Firm, etc.	102.24	15,580	-	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				252,164	23,012				

Note: For China Southern Securities, the amount approved by the State Council includes RMB1.5 billion grant from the State treasury.

## Business Report | Table 9 Payment of SIFP Claims

S/N	Bankrupt 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%	3.53%	0.048			2.81%		
3	Zhongfu Securities	1.045	29.92%	34.89%	0.307			29.42%		
4	Hantang Securities	20.091	43.10%	53.00%	0.166	Stock 1	18,609,302	1.727	50.16%	Confirmed amount of claims include the claims transferred from SIFP
						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%	3.584	Stock 1	14,008,381	3.506	67.01%	Confirmed amount of claims include the claims transferred from SIFP
						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%	15.00%	1.833			14.21%		
11	Wuhan Securities	5.062	7.70%	18.00%	0.647			15.70%	Confirmed amount of claims include the claims transferred from SIFP	
12	Gansu Securities	1.819	3.63%	5.59%	0.087			4.80%		
13	Kunlun Securities	2.406	2.32%	8.87%	0.115			4.77%		
14	Guangdong Securities	21.443	15.05%	20.00%	3.705			18.83%	Confirmed amount of claims include the claims transferred from SIFP	
15	Dogain Securities	2.349	3.56%	3.56%	0.084			3.56%		
16	Northwest Securities	2.241	23.30%	35.00%	0.322	Stock 1	2,708,541	0.290	28.86%	
						Stock 2	285,549	0.021		
						Fund	1,186,400	0.014		
17	China Securities	21.217	20.00%	33.23%	4.456			21.00%		
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%	0.988			21.52%		
21	Centergate Securities	9.972	15.55%	32.95%	3.091			31.00%		
22	China Sci-Tech Securities	12.998	15.08%	25.00%	3.209			24.69%		
23	Tiantong Securities	11.151	12.31%	21.79%	1.873			16.80%		
24	Tianyi Securities	3.511	10.00%	50.00%	1.554			44.28%		
Others	China Southern Securities	15.580	62.00%	75.00%	5.816	Stock 1	8,474,964	2.048	73.40%	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	0.039	3.00%	8.00%	0.039				
TOTAL		252.330			42.475		18.867			

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 distributed.

2. Estimates of SIFP claims had been adjusted on the basis of the actual distribution, so that data provided above is more consistent with the actuality of securities companies concerned.



## Business Report

Table 10 Basic Information of Special Audits

S/N	Company disposed	Special audit institution (Public accounting firm)	Issuance of formal audit report			
			Clients' securities transaction settlement funds	Date of audit report	Personal claim	Date of audit report
1	Deheng Securities	China Audit Asia Pacific Certified Public Accountants Co., LLP	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., LLP	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., LLP	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., LLP	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., LLP	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., LLP	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., LLP	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 signed date on the audit report.

2. The date for some audit reports refers to the date for the audit of the latest applications.

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

S/N	Short name	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	Daton Securities	Daton 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.

## Business Report | Table 12 CSRC 12386 Hotline Data Summary

### Subtable 1: Aggregate Data

S/N	Category	Amount	Proportion
1	Incoming calls	61, 879	52. 54%
2	Outgoing calls	19, 204	16. 31%
3	Valid online work orders	14, 220	12. 07%
4	Invalid online work orders	22, 462	19. 07%
TOTAL		117, 765	100%

### Subtable 2: Valid Work Orders

S/N	Category	Amount	Proportion
1	Complaints	26, 300	35. 92%
2	Inquiries	32, 215	44. 00%
3	Suggestions	14, 709	20. 09%
TOTAL		73, 224	100%

## 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 fund. 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. On

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 of 24 securities companies is included in "Others" item of relevant form 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 mentioned 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, acquisition of 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 herein 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 relending 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 clients' securities from the funds 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 companies as to pay interest, to appropriate commissions, etc.

**13. Securities Assets Disposal:** The disposal of securities assets indicates disposal of physical assets

required by investment banking of the securities companies or maintaining normal function of the securities brokerage for clients, which include physical assets and necessary transaction seats of those departments of 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 and Administration Measures, the clients' securities transaction settlement funds are the 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 cannot 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 as administrative take-over or trusteeship management by CSRC, and after the protection fund are 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 funds of RMB1.5 billion used by China Southern Securities are paid to SIPF who has the right of subrogation. And special compensation funds of securities market of RMB259.6 million used by Xinhua Securities are 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, 2017.



CHRONICLE IN 2017



January 3, Shengang Securities was included into the Monitoring System.

January 6, SIPF attended the 1<sup>st</sup> extraordinary shareholders' meeting of CR Double-Crane in 2017.

January 13, SIPF 4<sup>th</sup> Investment Decision Committee convened its 1<sup>st</sup> session in 2017.

January 16, SIPF Chairman Meeting convened its 1<sup>st</sup> session in 2017 (100<sup>th</sup> in total).

January  
2017

February 6, SIPF published the list of winners from the 2016 Investor Survey.

February 13, SIPF prepared the Risk Monitoring Indicators for Securities Companies (V2.0) and the Analysis Report on the Risks Monitoring of Securities Companies (from October to December in 2016).

SIPF Chairman Meeting convened its 2<sup>nd</sup> session in 2017 (101<sup>th</sup> in total).

February 15, SIPF prepared the Special Monitoring Report on Clients' Funds in the Securities Market – A Brief Empirical Analysis of Clients' Securities Transaction Funds and SHSZ300 Volatility.

February 17, SIPF 4<sup>th</sup> Investment Decision Committee convened its 2<sup>nd</sup> session in 2017.

February 27, SIPF formally launched the pilot of direct transfer of complaints via the Hotline to market operation entities.

February 28, SIPF Chairman Meeting convened its 3<sup>rd</sup> session in 2017 (102<sup>th</sup> in total).

February  
2017

March 13, SIPF 4<sup>th</sup> Investment Decision Committee convened its 3<sup>rd</sup> session in 2017.

March 15, SIPF Chairman Meeting convened its 4<sup>th</sup> session in 2017 (103<sup>th</sup> in total).

March 21, SIPF Board of Directors convened its 1<sup>st</sup> session in 2017 (34<sup>th</sup> in total).

March 24, SIPF formally published its Performance in 2016 and Main Tasks in 2017.

March 27, SIPF attended the 2016 annual shareholders' meeting of Harbin Pharmaceutical.

March 30, SIPF attended the 2016 annual shareholders' meeting of Bai Hua Cun.

March 31, SIPF Chairman Meeting convened its 5<sup>th</sup> session in 2017 (104<sup>th</sup> in total).

March  
2017

April 6, SIPF prepared the Analysis of and Reflection on the US Securities Whistleblower System, submitted it to CSRC Assistant Chairman Huang Wei and received comments from CSRC leaders.

April 11, SIPF Board of Directors convened its 2<sup>nd</sup> session in 2017 (35<sup>th</sup> in total).

SIPF 4<sup>th</sup> Investment Decision Committee convened its 4<sup>th</sup> session in 2017.

April 14, SIPF started to provide risk briefing to 10 areas and 36 companies.

SIPF Chairman Meeting convened its 6<sup>th</sup> session in 2017 (105<sup>th</sup> in total).

SIPF attended the 1<sup>st</sup> extraordinary shareholders' meeting of Nanfang Textile in 2017.

April 17-28, SIPF investigated phone-call availability of listed companies, securities companies, fund management companies and futures companies in the 12386 Hotline workplaces.

April 17-June 16, SIPF investigated for the fourth consecutive year the "Website Construction and Online Information Disclosure of the Companies Listed in A-share Market".

April 20, SIPF attended the 2016 annual shareholders' meeting of Liaoning Chengda.

April 26, SIPF attended the 2016 annual shareholders' meeting of SDIC Essence.

April 28, SIPF organized the 2017 activities for the National Security Education Day.

April  
2017

May 2, SIPF Chairman Meeting convened its 7<sup>th</sup> session in 2017 (106<sup>th</sup> in total).

May 10, SIPF organized and convened the "Symposium of Regulatory Authorities of Client Transaction Terminal Information".

May 15, SIPF Chairman Meeting convened its 8<sup>th</sup> session in 2017 (107<sup>th</sup> in total).

May 16, SIPF issued A Collection of 2016 Monthly Monitoring Reports on Clients' Funds in the Securities Market- Fund Security and A Selection of 2016 Cases of the Transaction Settlement Fund Monitoring System.

SIPF 4<sup>th</sup> Investment Decision Committee convened its 5<sup>th</sup> session in 2017

May 17, SIPF attended the 2016 annual shareholders' meeting of Guangdong Electric Power Development Co., Ltd. (A-share).

May 23, SIPF organized the training course on alert cases of the Transaction Settlement Fund Monitoring System (1<sup>st</sup> session in 2017).

Organized the "Symposium on Data Quality of the Monitoring System".

May 26, SIPF attended the 2016 annual shareholders' meeting of CR Double-Crane.

May  
2017

June 1, SIPF Strategic Development Committee convened its 1<sup>st</sup> session (enlarged) in 2017.

SIPF Chairman Meeting convened its 9<sup>th</sup> session in 2017 (108<sup>th</sup> in total).

SIPF attended the 1<sup>st</sup> extraordinary shareholders' meeting of SDIC Essence in 2017.

June 2, SIPF Board of Directors convened its 3<sup>rd</sup> session in 2017 (36<sup>th</sup> in total).

June 9, SIPF set up a working group for advance compensation fund in respect of Xintai Electric's fraudulent issuance.

June 12-July 29, SIPF organized three rounds of training on the spirits of "the 6<sup>th</sup> Plenary Session of the 18<sup>th</sup> CPC National Congress" for its Party members.

June 13, SIPF 4<sup>th</sup> Investment Decision Committee convened its 6<sup>th</sup> session in 2017.

June 15, SIPF organized the training course on alert cases of the Transaction Settlement Fund Monitoring System (2<sup>nd</sup> session in 2017).

June 16, SIPF Chairman Meeting convened its 10<sup>th</sup> session in 2017 (109<sup>th</sup> in total).

June 26, Huajing Securities was included into the Monitoring System.

June 27, SIPF attended the Symposium on Several Issues Concerning Civil Compensation for Cases of Securities Misrepresentation.

Attended the 2016 annual shareholders' meeting of Nanfang Textile.

June  
2017

July  
2017

July 3, SIPF and CSRC Beijing Office signed the MOU on Jointly Promoting Market Monitoring and Investor Protection in Beijing.

Extended the pilot of direct transfer of complaints via the Hotline to market operation entities.

July 5-19, SIPF surveyed "securities investor satisfaction in 2016".

July 10, SIPF Chairman Meeting convened its 11<sup>th</sup> session in 2017 (110<sup>th</sup> in total).

July 11-12, SIPF set up the "special working group for specifications on client transaction terminal information technology", which convened its 1<sup>st</sup> session.

July 13, SIPF 4<sup>th</sup> Investment Decision Committee convened its 7<sup>th</sup> session in 2017.

July 18, SIPF attended the 1<sup>st</sup> shareholders' meeting of Huazheng Puhui in 2017.

August 1, SIPF published the Report on the Operation of Securities Market Investor Confidence Index for H1 2017.

SIPF Chairman Meeting convened its 12<sup>th</sup> session in 2017 (111<sup>th</sup> in total).

August 3, SIPF ad hoc group of statistics convened the 1<sup>st</sup> “Symposium on the Monitoring of Risks of Securities Companies” in 2017.

August 3-4, SIPF organized the first training course on investor survey and business office manager survey in 2017.

August 8, SIPF Board of Directors convened its 4<sup>th</sup> session in 2017 (37<sup>th</sup> in total).

August 10, SIPF attended the symposium on MOU on Investor Compensation & Relief under the Mechanism of Interconnected Transactions at Mainland and Hong Kong Stock Market.

August 14, SIPF Chairman Meeting convened its 13<sup>th</sup> session in 2017 (112<sup>th</sup> in total).

August 29, SIPF convened a special meeting to discuss overall requirements raised by CPC Central Committee and CSRC Party Committee and produced and submitted the SIPF Work Briefing (48<sup>th</sup>) to CSRC.

August 30, SIPF for the first time surveyed the confidence of fund managers across the country, and thereafter, conducted such a survey and prepared the Fund Manager Confidence Index on a monthly basis.

August 30-31, SIPF hosted the 2017 International Securities Investor Protection Conference in Beijing to discuss prospective issues in the course of global economic development, share China’s experience and further improve China’s appeal, influence and right of speech in the field of international investor protection.

August 31, SIPF and CSRC Anhui Office signed the MOU on Jointly Promoting Market Monitoring and Investor Protection in Anhui.

August  
2017

September  
2017

September 1, Guangzhou Intermediate People’s Court ruled the conclusion of bankruptcy proceedings for Guangdong Securities.

SIPF Chairman Meeting convened its 14<sup>th</sup> session in 2017 (113<sup>th</sup> in total).

September 8, SIPF special working group for specifications on client transaction terminal information technology convened its 2<sup>nd</sup> session (enlarged).

September 11, the project of industrial criteria for the Securities Market Transaction Fund Monitoring Data Interface was approved.

September 13, CCTV Finance Channel (CCTV 2) reported the Investor Confidence Index for August. SIPF 4<sup>th</sup> Investment Decision Committee convened its 8<sup>th</sup> session in 2017.

September 18, SIPF Chairman Meeting convened its 15<sup>th</sup> session in 2017 (114<sup>th</sup> in total).

October 12, SIPF and Beijing No.1 Intermediate People's Court signed the MOU on Strengthening Litigation and Mediation Cooperation for Securities and Futures Disputes.

October 16, SIPF published the Provisions for the Management of Genuine Software (for trial implementation) and established the leading group for the use of genuine software.

SIPF Chairman Meeting convened its 16<sup>th</sup> session in 2017 (115<sup>th</sup> in total).

October 20, SIPF published the SIPF Measures for the Management of External Legal Counsels (for trial implementation).

October 25, SIPF successfully concluded the network and information security task for the 19<sup>th</sup> CPC National Congress.

October 27, SIPF submitted to CSRC Enforcement Bureau the Specifications on Client Transaction Terminal Information Technology (draft for comment).

October 31, National Copyright Administration awarded the title "National Copyright Demonstration Unit" (Software Legalization) to SIPF.

SIPF and CSRC Fujian Office signed the MOU on Jointly Promoting Market Monitoring and Investor Protection in Fujian.

October  
2017

November  
2017

November 1, SIPF Chairman Meeting convened its 17<sup>th</sup> session in 2017 (116<sup>th</sup> in total).

November 8, SIPF concluded the special fund payment by publishing the Announcement of Terminating the Advance Compensation Fund for Xintai Electric's Fraudulent Issuance through media such as the website of the special fund, SIPF MicroBlog and WeChat.

November 20, SIPF obtained the software copyright for the investor compensation fund website system and back office support and management systems.

November 22, SIPF convened the 1<sup>st</sup> session of the 7th Expert Committee on China Securities Investor Protection Work.

November 28, SIPF Chairman Meeting convened its 18<sup>th</sup> session in 2017 (117<sup>th</sup> in total).



December  
2017

December 4, SIPF attended the 2<sup>nd</sup> extraordinary shareholders' meeting of SDIC Essence in 2017.

December 6-13, SIPF conducted a random online survey of investor protection provided by securities companies and public placement funds, collecting a total of 16,000 replies online.

December 8, SIPF and Shenzhen Securities and Futures Dispute Resolution Centre signed the MOU on Jointly Promoting Securities and Futures Market Dispute Resolution.

December 13, SIPF ad hoc group of statistics convened the 2<sup>nd</sup> Symposium on the Monitoring of Risks of Securities Companies in 2017.

SIPF 4<sup>th</sup> Investment Decision Committee convened its 9<sup>th</sup> session in 2017.

December 13-14, SIPF organized the second training course on investor survey and business office manager survey in 2017.

December 14, CSRC Youth Delegation visited SIPF to exchange and discuss the spirits of the 19<sup>th</sup> CPC National Congress.

SIPF worked with CSRC Department of Fund and Intermediary Supervision to convene a meeting to report and review fund custody in 2017.

December 15, SIPF Chairman Meeting convened its 19<sup>th</sup> session in 2017 (118<sup>th</sup> in total).

December 19, SIPF attended the general meeting of the National Debt Association of China.

December 20, SIPF obtained the software copyright for the investor compensation data calculation system.

December 25, SIPF held the 2017 media symposium.

SIPF published the Contingency Plan for the Securities Market Transaction Settlement Fund Monitoring System (V1.1).

December 29, SIPF obtained invention patent and utility model patent for the investor compensation fund management system.