

China Accounting Alert

August 2023

This edition of *China Accounting Alert* provides news and updates about financial reporting in Mainland China, IFRS and EY publications.

Mainland news and updates

- ▶ Notice of the Ministry of Finance (MOF) on issuing *Provisional Regulations on the Accounting Treatment for Enterprise Data Resources*

In order to standardize the accounting treatment for enterprise data resources and enhance the disclosure of related accounting information, the MOF has formulated and issued the [*Provisional Regulations on the Accounting Treatment for Enterprise Data Resources \(Cai Kuai \[2023\] No.11, the Provisional Regulations\)*](#) in accordance with the *Accounting Law of the People's Republic of China* and the relevant Accounting Standards for Business Enterprises. The Provisional Regulations will become effective on 1 January 2024 and shall be implemented prospectively. Expenditures related to data resources that have been charged to profit or loss before the implementation of the Provisional Regulations shall not be adjusted.

For further details about the Provisional Regulations, please refer to EY WeChat: [*MOF issued the Provisional Regulations on the Accounting Treatment for Enterprise Data Resources*](#).

► China Securities Regulatory Commission (CSRC) amends and repeals 42 guidelines on securities and futures

In order to facilitate the implementation of the relevant requirements including *Regulations on Procedures for the Formulation of Rules and Provision for Formulation Procedures of Securities and Futures Regulation*, the CSRC has recently decided to amend some provisions of six normative documents and repeal one regulation, 23 normative documents, 12 Bu Han documents and other documents, which include the following:

- Firstly, in accordance with the reform requirements and the formulation of higher-level laws, some provisions of the six normative documents, including *Guidelines for Disclosure of Major Financial Information and Financial Performance after the Dates of Audit Reports in Prospectuses of Initial Public Offerings and Listings of Companies*, have been adaptively adjusted, and the basis for the formulation of relevant documents has also been adjusted.
- Secondly, in view of the fact that the regulated matters have been updated based on the new rules or no longer exist, 36 policy documents including *Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange* have been repealed.

For details, please refer to [Decision on the Amendment and Repeal of Certain Guidelines on Securities and Futures \(CSRC Announcement \[2023\] No. 50\)](#) and [Decision on Repealing the Measures for the Issuance Review Committee of the China Securities Regulatory Commission \(CSRC Order No. 221\)](#), which became effective upon release on 10 August 2023.

► CSRC issues *Measures for the Supervision of Independent Directors of Listed Companies*

In order to optimize the independent director system of listed companies, the CSRC has recently issued [Measures for the Supervision of Independent Directors of Listed Companies \(CSRC Order No. 220\) \(the Measures\)](#), which will become effective on 4 September 2023. *Rules for Independent Directors of Listed Companies* (CSRC Announcement [2022] No.14) will be repealed simultaneously. The revised and improved Measures include six chapters and 48 articles, mainly including the following:

- Clarification on the qualifications and appointment of and removal procedures for independent directors
- Clarification on the responsibilities and performance of duties of independent directors
- Clarification on the performance guarantee
- Clarification on legal liability
- Clarification on transition arrangements

- ▶ Shanghai Stock Exchange (SSE) releases supporting arrangements for the independent director system

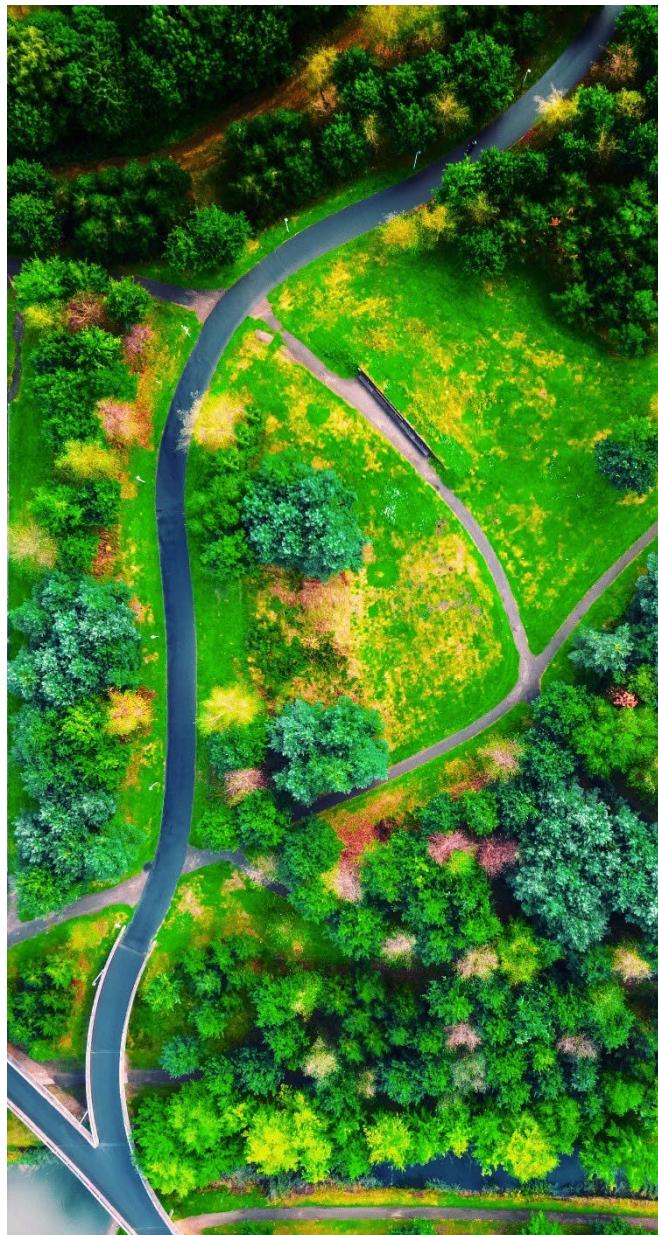
The SSE has recently revised and released several self-regulatory rules, including the *Rules for Listing of Stocks* on the Main Board and the STAR Market. This revision aims to effectively implement the fundamental principles outlined in *Opinions on the Reform of the Independent Director System*, which were issued by the General Office of the State Council, and to align with the relevant requirements of the CSRC's *Measures for the Supervision of Independent Directors of Listed Companies*, in order to promote the formation of a more scientific and reasonable independent director system. The rules and guidelines include:

- ▶ [Rules of Listing of Stocks on the Shanghai Stock Exchange \(Revised in August 2023\) \(Shang Zheng Fa \[2023\] No.127\)](#)
- ▶ [Rules of Stock Listing on the STAR Market on the Shanghai Stock Exchange \(Revised in August 2023\) \(Shang Zheng Fa \[2023\] No. 128\)](#)
- ▶ [Guidelines No.1 of Self-Regulation of Listed Companies on the Shanghai Stock Exchange - Formats of Announcements \(Revised in August 2023\) \(Shang Zheng Han \[2023\] No. 2237\)](#)
- ▶ [Guidelines No.2 of Self-Regulation of Listed Companies on the Shanghai Stock Exchange - Business Matters \(Revised in August 2023\) \(Shang Zheng Han \[2023\] No.2238\)](#)
- ▶ [Guidelines of Self-Regulation of Listed Companies on the STAR Market of the Shanghai Stock Exchange \(Revised in August 2023\) \(Shang Zheng Han \[2023\] No.2239\)](#)

The above regulatory rules became effective on 4 September 2023, and multiple regulatory rules including the *Notice on Issuing the Rules of Stock Listing on the STAR Market on the Shanghai Stock Exchange (revised in December 2020)* (Shang Zheng Fa [2020] No.101) and *Notice on Issuing the Rules of Listing of Stocks on the Shanghai Stock Exchange (revised in February 2023)* (Shang Zheng Fa [2023] No.31) issued by the SSE repealed simultaneously.

- ▶ Notice of the SSE on amending and repealing certain business rules and guidelines

In order to improve the consistency and synergy of the SSE's business rules, and to further promote the establishment of a "concise and user-friendly" system of rules, the SSE has issued the [Notice of the Shanghai Stock Exchange on Amending and Repealing Certain Business Rules and Guidelines](#) (Shang Zheng Fa [2023] No.138), amending the narrative descriptions of 11 business rules and repealing 18 business rules and guidelines, which became effective upon release on 25 August 2023, and the relevant business rules shall be revised and reissued in accordance with the Notice.



- Shenzhen Stock Exchange (SZSE) issues revised supporting self-regulation rules for the reform of the independent director system

To implement the requirements of the *Opinions on the Reform of the Independent Director System* issued by the General Office of the State Council and the *Measures for the Supervision of Independent Directors of Listed Companies* of the CSRC, the SZSE has recently issued the revised supporting self-regulation rules for the reform of the independent director system. The rules and guidelines include:

- [Rules of Listing of Stocks on the Shenzhen Stock Exchange \(Revised in August 2023\)](#) (Shen Zheng Shang [2023] No.701)
- [Rules of Stock Listing on the ChiNext Board of the Shenzhen Stock Exchange \(Revised in August 2023\)](#) (Shen Zheng Shang [2023] No.702)
- [Guidelines No.1 of Self-Regulation of Listed Companies on the Shenzhen Stock Exchange - Business Matters \(Revised in August 2023\)](#) (Shen Zheng Shang [2023] No.705)
- [Guidelines No.1 of Self-Regulation of Listed Companies on the ChiNext Board of the Shenzhen Stock Exchange - Business Matters \(Revised in August 2023\)](#) (Shen Zheng Shang [2023] No.706)
- [Guidelines No.2 of Self-Regulation of Listed Companies of the Shenzhen Stock Exchange - Formats of Announcements \(Revised in August 2023\)](#) (Shen Zheng Shang [2023] No.707)
- [Guidelines No.2 of Self-Regulation of Listed Companies on the ChiNext Board of the Shenzhen Stock Exchange - Formats of Announcements \(Revised in August 2023\)](#) (Shen Zheng Shang [2023] No.708)

The above regulatory rules became effective on 4 September 2023, and multiple regulatory rules including the *Rules of Listing of Stocks on the Shenzhen Stock Exchange (revised in 2022)* (Shen Zheng Shang [2022] No.12), and *Rules of Listing of Stocks on the Shenzhen Stock Exchange (revised in 2023)* (Shen Zheng Shang [2023] No.92) issued by the SZSE repealed simultaneously.

- Notice of the SZSE on amending and repealing certain business rules and guidelines

In an effort to make the business rules more systematic and improve the synergy of these rules, and to further build a concise and clear system of rules, the SZSE has issued the [Notice of the Shenzhen Stock Exchange on Amending and Repealing Certain Business Rules and Guidelines](#) (Shen Zheng Shang [2023] No.737), amending the narrative descriptions of five business rules and guidelines, and repealing three business rules, which became effective upon release on 25 August 2023.

- Notice of the SZSE on issuing the *Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 – Key Points for Review of Initial Public Offerings (Revised in 2023)*

In order to further provide guidance for the intermediaries on prudently carrying out the verification of funds and bank accounts and improving the quality of information disclosure in application documents, the SZSE has revised the *Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 – Key Points for Review of Initial Public Offerings*, which became effective upon release on 21 August 2023. The *Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 – Key Points for Review of Initial Public Offerings* (Shen Zheng Shang [2023] No.182) issued by the SZSE on 17 March 2023 has been repealed simultaneously.

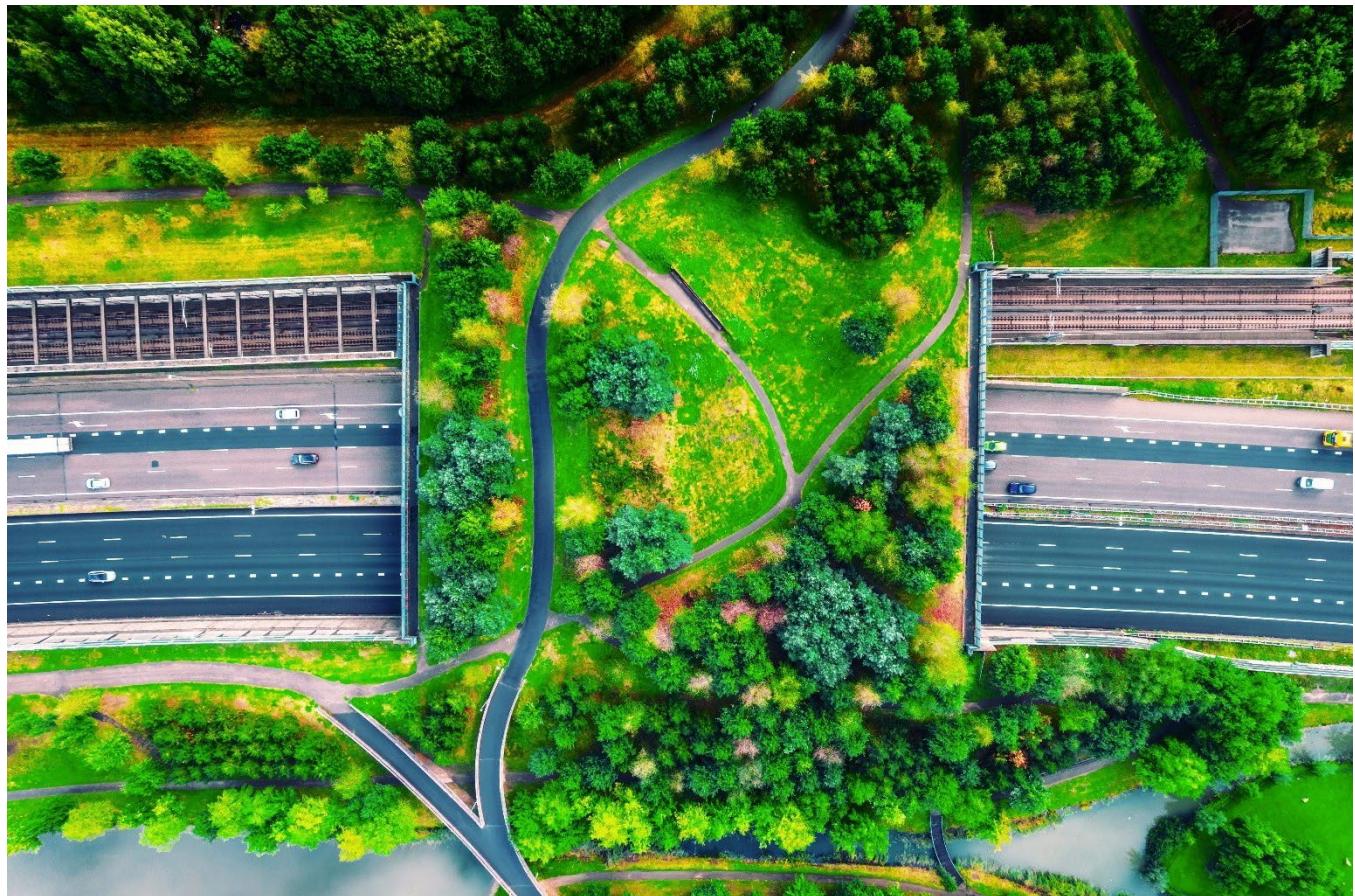
Please refer to the [Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 – Key Points for Review of Initial Public Offerings \(Revised in 2023\)](#) (Shen Zheng Shang [2023] No.778).

► **Announcement of the Beijing Stock Exchange (BSE) on the *Rules of Listing of Stocks on the Beijing Stock Exchange (for Trial Implementation)***

In order to support the implementation of relevant arrangements for the reform of the independent director system, the BSE has revised the *Rules of Listing of Stocks on the Beijing Stock Exchange (for Trial Implementation, the rule)*, which became effective on 4 September 2023. The Rules shall prevail if there is any inconsistency between the Rules and the previous requirements regarding independent directors in other business rules issued by the BSE. Please refer to the [Rules of Listing of Stocks on the Beijing Stock Exchange \(for Trial Implementation\)](#) (BSE Announcement [2023] No. 49).

► **Notice of the National Association of Financial Market Institutional Investors (NAFMII) on issuing the illustrative templates of duration information disclosure documents on fund-raising**

In response to the market demands and to help market members prepare information disclosure in a convenient, efficient and compliant manner, the NAFMII has added two types of illustrative templates related to fund-raising on the basis of the existing *Illustrative Templates of Duration Information Disclosure Documents for Debt Financing Instruments of Non-financial Enterprises in the Interbank Bond Market* (2022), which are applicable to situations in which the use of duration fund is changed and where the fund-raising regulatory accounts/special accounts are changed or added, respectively. Please refer to [Notice of the NAFMII on Issuing Illustrative Templates of Duration Information Disclosure Documents for Fund-raising in Subsequent Periods](#) (Zhong Shi Xie Fa [2023] No.130).



IASB news and updates

► IASB Update for July 2023

The [July](#) issue of the *IASB Update* contains the IASB staff summary of the IASB meeting held from 25 to 27 July 2023 when the board discussed:

Research and standard-setting

- Dynamic Risk Management
- Equity method
- Business combinations – Disclosures, goodwill and impairment
- Extractive activities
- Primary financial statements
- Disclosure initiative – Subsidiaries without public accountability: Disclosures

Maintenance and consistent application

- Maintenance and consistent application
- IFRIC Update June 2023
- Application of the own-use exception to some physical power purchase agreements –Exploring possible narrow-scope amendments to IFRS 9 *Financial Instruments*
- Provisions – Targeted improvements

► *Supplementary IASB Update for August 2023*

The [August](#) issue of the *Supplementary IASB Update* contains the IASB staff summary of the IASB meeting held on 23 August 2023 when the board discussed:

Maintenance and consistent application

- Amendments to the *IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules*

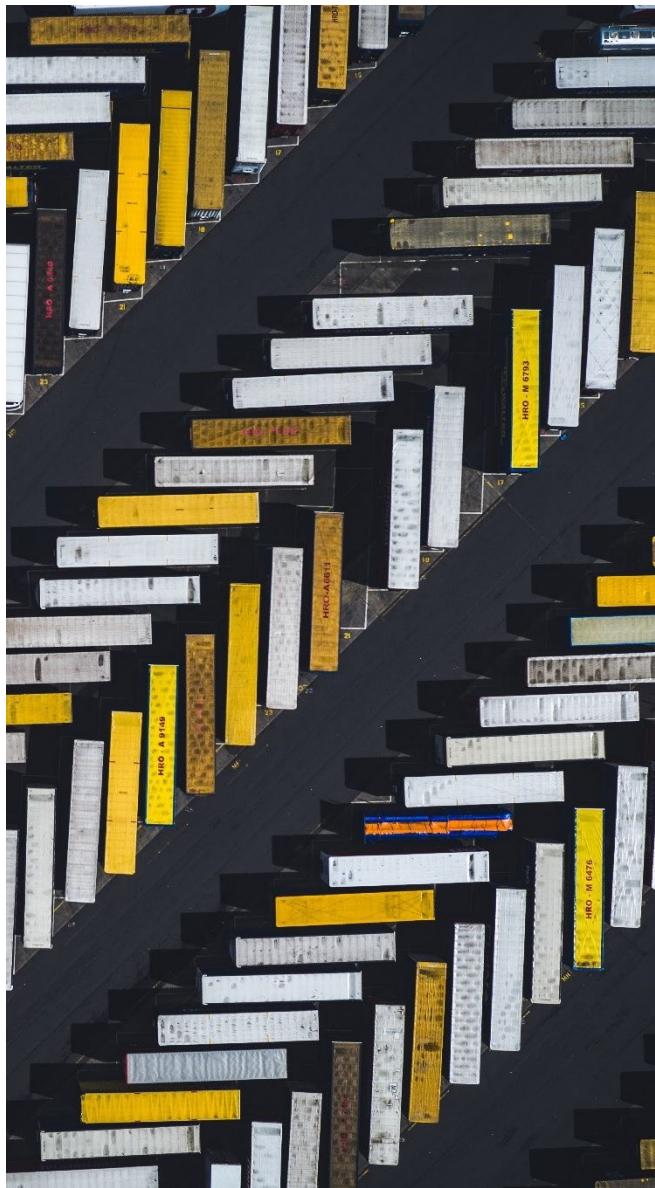
ISSB news and updates

► ISSB Update for July 2023

The [July](#) issue of the *ISSB Update* contains the ISSB staff summary of the ISSB meeting held on 27 July 2023 when the board discussed:

Applying standards

- Researching targeted enhancements to ISSB Standards – Path forward



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