

Changes in Representative Office Regulations (February 2010)

For those with Representative Offices in China, there are a number of recent changes that may affect their operations. In February this year, the State Administration of Industry and Commerce (SAIC) released new regulations regarding the registration of Representative Offices in China. The changes include the following:

- An Overseas company must be at least 2 years old before they qualify to establish a representative office in China.
- The validity of Rep. Offices has now been reduced from 3 years to 1 year. Current Rep. Office licenses will be honored; however, subsequent license renewals will only be for 1 year.
- Notarized and attested incorporation documents will be required for every Rep. Office renewal.
- The Bank Statement of Credibility of the overseas parent company will also need to be notarized and attested along with its incorporation documents.
- Newly formed Rep. Offices will be limited to only 4 foreign representatives including the Chief Representative. The number of local employees hired through dispatching services to work at a Rep. Office appears to not be affected.

Although ostensibly these regulations have been released to 'strengthen' enforcement of Rep. Offices, it appears this is a means for the government to create additional barriers for the establishment of the Rep. Office in order to dilute their appeal.

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