

LEHMAN, LEE & XU

雷曼律师事务所



## PRESS RELEASE

### Foreign Invested Partnerships as of March 1, 2010

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In an attempt to develop the private equity industry in China, The State Administration for Industry and Commerce (“SAIC”) has recently introduced Decree 47 which allows for the registration and operation of foreign invested partnerships (“FIPs”).

The recent Decree stems from The Partnership Enterprise Law of the PRC which came into effect June 1, 2007. Article 108 of the Partnership Law first introduces the notion of FIPs. Pursuant of this notion, Article 108 will go into effect March 1, 2010.

The new laws provide much more flexibility and ease of entry for foreign private equity firms in the form of FIPs. As a result of The Measures, no approval from the Ministry of Commerce is necessary. The FIP is required, however, to register with the local SAIC office where the principal place of business of the FIP is located. They must register: name of the FIP, the principal place of business, the names of the partners in charge of the partnership affairs, the scope of the business, addresses, and categories of the partners and the form and amount of their capital commitments/contributions, the commitment period, and valuation methodology. Documents shall be accepted upon receipt of the documents, and, if not, applicants should receive notification of an adverse decision no later than 20 days of submitting such documents. Once the documents have been submitted, FIPs are required to submit annual inspection reports between March 1<sup>st</sup> and June 30 in each year.

Lawyers at Lehman, Lee & Xu are excited about The Measures which have come into play in China. Ed Lehman, Managing Director, stated, “These Measures show the great progress China has made in the effort to open up to foreign entities. FIPs put foreign entities, particularly in the private equity industry, on a level playing field with wholly foreign owned enterprises and other foreign invested enterprises operating in China.”

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