

To all Provinces, Autonomous Regions, Municipal People's Governments, Ministries, Commissions and Subordinate Institutions of the State Council:

This is to present some opinions as follows on implementing the negative list system of market access in accordance with regulations stipulated in the *Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform* and decisions made by the State Council.

I. Significance

(I) Definition of the negative list system of market access.

The negative list system of market access works in a way where the State Council will clearly list out certain industries, fields and businesses in which foreign investors are prohibited and limited to invest within the People's Republic of China and governments at all levels shall come up with relevant management measures facilitating its implementation. But Industries, fields and businesses unlisted are equally accessible to all kinds of market subjects as allowed by law.

(II) The negative list system of market access serves as an important foundation for bringing market's decisive role into full play in resources allocation.

Under the negative list system of market access, the market subjects are able to embrace more options, which will help them exert their rights more thoroughly and therefore invigorate the market, create an atmosphere where all the market subjects are able to avail themselves of productive factors equally and participate in market competition freely and fairly, establish a unified and open modern market system where competitions develops benignly and eventually bring the market's decisive role into broader play in resources allocation.

(III) A better play of government's role requires the implementation of the negative list system of market access.

The negative list system of market access will clearly define the responsibility range over which the government exerts its administration, which, on one hand, will

help further deepen the reform of administrative examination and approval system, greatly reduce the examination and approval areas the government cover, create a new government regulation mode, facilitate investment and trade and improve administration efficiency as a whole, on the other hand, will arm the government with legal support and convenience to strengthen market regulation and regulate the market under a consistent system, standard and procedure so as to fundamentally accelerate the transformation of government functions.

(IV) The negative list system of market access constitutes a necessary measure for establishing a new open economic system.

The negative list system of market access and foreign investment will accelerate the establishment of a modern market system geared to international rules, create a law-based business environment, facilitate the free and balanced circulation of international and domestic factors, the efficient allocation of resources and the deepened integration of markets, enhance our competitiveness worldwide and finally usher in a deeply reformed high-level market economy system through opening up.

II. General Principles and Applicable Conditions

(V) General principles

We should stick to the market economy reform with socialism characteristics, bring both the market and government roles into play together in resources allocation, combine the transformation of government function with the creation of new management method, attach equal importance to invigorating market vitality and improving market regulation, enlarge and regulate market access, streamline and optimize administrative approval, strengthen and innovate market regulation and accelerate the establishment of an open, fair, standard and orderly new management system for market access where the enterprises can make their own decisions and take part in competitions equally and the government has clear rights and responsibilities and performs strong supervision.

All regions and departments concerned should attach great importance to the thorough implementation of the negative list system of market access which should

cover all the investment and business fields and steps in which all the market subjects voluntarily engage; and the current market access items which are under catalog management shall all be included in the above mentioned negative list system of market access when possible.

(VI) Categories

The negative list of market access consists of prohibited access category and restricted access category and applies to investment and business practices performed voluntarily by all kinds of market subjects in terms of initial investment, expansion investment and acquisition investment and other market accesses. As for the prohibited access items, the market subjects are not allowed to invest in and relevant administrative departments shall not approve such investment through any procedures. As for the restricted access items, the market subjects could file an application which shall then be reviewed by administrative departments to decide whether it should be approved or not in accordance with relevant law and regulations, or the market subjects could enter the restricted items as long as they have met all the requirements and access methods set forth by the government. As for other industries, fields and businesses outside the negative list of market access, all the market subjects are allowed to enter equally and legally.

(VII) Applicable conditions

In the light of relevant laws, administrative regulations and other regulations put forward by the State Council, relevant measures shall be adopted to prohibit the access of the market subjects or restrict their qualifications, ownership ratio, business scope, business type, business mode, spatial distribution and territorial development and so on when the market subjects' investment, business and other access practices involve in industries, fields and businesses concerning national security, major productivity lay-out, strategic resources development and significant public interests including people's life and property security, political security, homeland security, military security, economic security, financial security, cultural security, social security, technological and scientific security, information security, ecological security, resources security, nuclear security and new domain security and so on. The negative list system of market access is also applicable to industries, fields and

businesses which the market subjects invest in and require administrative approval; other conditions stipulated by laws, administrative regulations and the State Council could apply the negative list as well.

(VIII) Main types and applicable objects of the negative list

The negative list mainly comprises the negative list of market access and the negative list of foreign investment, the former of which applies to all investors home and abroad and therefore works as a unified management measure against the market access of all market subjects, the latter of which applies to foreign investors who invest in China and serves as a special management measure against the market access of foreign market subjects. Both the investment issues and negotiation with foreign parties shall be taken into consideration when making up the negative list of foreign investment and relevant regulations shall be abode by if there is any. The negative list of foreign investment shall be subject to the bilateral or multilateral agreements (conventions) agreed by China and other countries if there is any.

III. Establishment, Implementation and Adjustment Procedures

(IX) Establishment principles

Principle of law-based governance. The establishment of the negative list of market access shall strictly abide by the basic principle of governing the country by law. New items which shall be included in the negative list but are not covered by current laws, administrative regulations and decisions of the State Council shall, on the basis of scientific evaluation, be filed up for further establishment according to legal procedures, or the current laws, administrative regulations and decisions of the State Council shall be amended to include these new items. Significant items concerning the economic development of the entire country and highly professional items shall go through such procedures as public participation, experts demonstration, risk evaluation, validity review and group discussion before final decision.

Principle of security. The establishment and implementation of the negative list of market access shall always be subject to a holistic view of national security, law and regulations maintaining national security and systems concerning the security of

various fields. Priority shall be given to ensure economic security, protect basic economic system of China and economic order of socialistic market. Efforts shall also be made to improve relevant system and mechanism which could prevent and cope with economic security risks and safeguard the security of key industries and fields, major infrastructure and construction projects concerning the lifeline of national economy and significant economic interests.

Principle of steady approaching. The establishment and implementation of the negative list of market access shall proceed step by step under a detailed schedule in accordance with current conditions of China. After being tested and proved to be reproducible and extensively applicable, it could be carried out extensively all over China. As for new technologies, products and new business types and forms emerging in the market, the principle of encouraging innovation and lowering the threshold of business investment shall be followed to strengthen institutional support and exert regulation via providing service, instead of having them included in the negative list management right upon their appearance.

Principle of necessity. It is necessary to ensure that items included in the negative list of market access are both streamlined and able to cover all required areas, which indicates that we should not just copy those items prohibited and restricted by law, regulations and decisions of the State Council or those industries, fields and businesses the market subjects are currently prohibited and restricted to invest in to the negative list of market access without further differentiation. It is not allowed to equalize non-market access items and its regulation measures after approval to items which require market access management, include such measures as registration, information collection and workplace approval which are commonly applied to all market subjects into the negative list, mechanically apply requirements set forth for the negative list to items which are not in the list and include items for which the negative list management are not applicable into the negative list of market access.

Principle of openness. The negative list of market access shall be established and adjusted in an open and fair manner to guarantee its stability, transparency and predictability and keep the public informed and be a part of it. All items, basis and results concerning the establishment and adjustment of the negative list of market

access, shall be accessible to the public for reference, with exception of those which shall be kept confidential as required by law.

(X) Establishment procedures

The negative list of market access shall be established and issued by the State Council and local provincial governments shall file a report up to the State Council for approval if they intend to make further adjustment. Departments and institutions responsible for the management of market access shall sort out all the industries, fields and businesses in which the market subjects are prohibited and restricted to invest and form a drafted negative list related to this department or institution according to the unified classification standard stipulated in the *Standard Industrial Classification(SIC)Codes* (explanation is required for new business types which have not be included in the *Standard Industrial Classification(SIC)Codes* and might be applicable to multiple classifications.), and submit the draft to the National Development and Reform Commission and the Ministry of Commerce for collection and examination so as to establish a standard negative list of market access which shall be then approved by the State Council before its official implementation.

Management measures of market access established in accordance with laws, administrative regulations and decisions of the State Council shall be reviewed for its validity and be evaluated for its rationality, feasibility and controllability according to requirements where the market shall play a decisive role in resource allocation. Industries, fields and businesses which are covered by formerly mentioned management measures shall be seriously reviewed and confirmed in accordance with legally made or amended law and administrative regulations or procedures set forth in this Opinion and then submitted to the State Council for final approval.

Differences in regional development shall be taken into consideration when establishing the negative list of market access so as to increase its maneuverability and clarity. It is reasonable to allow the people's government at the provincial level to, on the basis of the national standard negative list of market access, come up with adjustment advice against the list in accordance with local resource factors, main function orientation, industrial comparative advantages, production cooperation relationships, logistics marketing network and ecological environment and then

submit to the State Council for approval. Without the authorization of the State Council, departments and regions concerned are not allowed to issue the negative list of market access of their own and increase or reduce items included in the negative list.

When establishing the negative list of market access, departments concerned shall form a sound decision-making mechanism which integrates public participation, specialist confirmation and government decision, fully listen to voices of various departments, organize specialists to demonstrate its necessity and feasibility and collect opinions from the whole society. Items involving national security shall be reported up to the National Security Commission of the Communist Party of China for examination and approval first.

(XI) Implementation procedures

With the principle of pilot first and gradual expansion, from Dec. 1, 2015 to Dec. 31, 2017, the negative list of market access shall be tried out at some regions to accumulate experience and improve step by step till the establishment of a comprehensive negative list system of market access which shall then be officially implemented all over China in 2018. Under the organization of the National Development and Reform Commission and the Ministry of Commerce, the negative list of market access and pilot regions shall be drafted and submitted to the CPC Central Committee and the State Council for approval before actual trials being performed. People's governments at the provincial level of pilot regions shall come up with a pilot proposal for specific implementation on the basis of the drafted negative list of market access and submit it up to the State Council for approval. Suspension of relevant laws, administrative regulations or other related provisions shall be handled according to statutory procedures.

People's governments at the provincial level shall, as required by the *Work Proposal on Launching the Reform Pilot for the Negative List System of Market Access* (please refer to the appendix), strengthen unified organization and balanced coordination, improve working mechanisms concerning process management, alert warning, information feedback and dynamic performance evaluation so as to guarantee a substantial progress of the pilot reform. Departments involved shall be in

close contact with pilot regions and have reform measures optimizing the management of market access tried out first at the pilot regions. The National Development and Reform Commission and the Ministry of Commerce shall strengthen their guidance and supervision in order to discover and solve kinds of problems occurring during the trial in time and report major events up to the State Council in a timely manner as well.

(XII) Adjustment procedures

After being implemented, the negative list of market access shall be adjusted when necessary under the principle of streamlining government and delegating authorities, strengthening regulation while cutting red tape and improving service after taking overall reform progress, economic structure adjustment and amendment of law and regulations into full consideration. The National Development and Reform Commission and the Ministry of Commerce shall, with authorization from the State Council, on the one hand, lead to establish a cross-department communication and coordination mechanism to take charge of daily implementation of the negative list of market access, on the other hand, organize the third-party assessment. Major item adjustment and increase of management measures shall be reported up to the State Council for approval. If adjustment and reduce against the management measures of market access are required according to law, regulations and decisions of the State Council, or if the adjustment and reduce only involve technology and expression, instead of substantial key content, departments concerned shall put forward adjustment advice and submit for confirmation and approval from the cross-department communication and coordination mechanism and report to the State Council for record. Items involving national security shall be reported up to the National Security Commission of the Communist Party of China for examination and approval first.

IV. Confirmation Method and Connection with Current System

(XIII) Connect the negative list of market access to administrative examination and approval list.

The negative list of market access established shall be well connected to administrative examination and approval list, namely, industries, fields and businesses in which the market subjects are restricted to invest among the administrative examination and approval list shall, in principle, all be included in the negative list of market access. Items which are excluded from the *General List to be Examined and Approved by Relevant Departments* of the State Council and canceled for market access are not allowed to be included in the negative list. Other examined and approved items shall be itemized in the negative list. From now on, the negative list of market access shall be consistent with decisions of the State Council concerning canceling, adding or adjusting administrative examination and approval items.

(XIV) Connect the negative list of market access to the *Catalog for Guiding Industry Restructuring*

According to requirements set forth in the *Decision of the State Council on Issuing and Implementing the Interim Provisions on Promoting Industrial Restructuring* (GF [2005] No. 40) that the eliminated and restricted items are not allowed for investment, items eliminated and restricted in the *Catalog for Guiding Industry Restructuring* could be referred directly to the prohibited access list, so it is not necessary to itemize them; however, department concerned should keep up with daily updated new products and technologies, ever changing situations and the latest industrial re-structuring and amend the *Catalog for Guiding Industry Restructuring* in time. From now on, the negative list of market access shall be consistent with the amended *Catalog for Guiding Industry Restructuring*.

(XV) Connect the negative list of market access to the *Catalog of government approved investment projects*

Items which require examination and approval in the *Catalog of government approved investment projects* (items for foreign investment are not included here and shall apply to other regulations) could be referred directly to the restricted access list, so it is not necessary to itemize them. Departments concerned shall, under the general deployment of comprehensively deepening reform, dedicate more efforts accelerating the decision making for deepening the reform of investment and financing system, government approval and recording and the establishment of management regulations

on recorded investment and adjust the *Catalog of government approved investment projects* in time. From now on, the negative list of market access shall be consistent with the *Catalog of government approved investment project* amended by the State Council.

(XVI) Connect the negative list of market access to the management measures of market access established in accordance with laws, administrative regulations and decisions of the State Council.

The management measures of market access established in accordance with laws, administrative regulations and decisions of the State Council shall be, after examination and approval, included in relevant prohibited access list and restricted access list respectively. Departments concerned should keep the negative list of market access adjusted in time according to applicable law and administrative regulations and cleaned documents of the State Council. For example, items for which priority is not required in approval according to laws, administrative regulations and decisions of the State Council shall not be pre-approved while items which require priority in approval according to laws, administrative regulations and decisions of the State Council shall not be pre-approved from now on after amending current laws, administrative regulations and decisions of the State Council, except for items for which pre-approval is absolutely necessary.

V. Supporting Measures

(XVII) Establish a sound access mechanism consistent with the negative list system of market access.

Industries, fields and businesses excluded from the negative list of market access do not require government approval any more and all the market subjects could equally access as allowed by law, in other words, rights which are supposed to be given to enterprises shall be delegated completely and thoroughly so that they could make decisions on their own on whether or not investing in items outside the negative list; however, rights delegation shall be coupled with regulation and departments concerned shall, after taking national security, ecological environment, public interests and production security into full consideration, improve the comprehensive

evaluation index system, determine the primary responsibilities of enterprises, strengthen regulation and set up a security review, regulation and accountability system as allowed by law to form a new pattern where the government regulates in a macro manner, enterprises and industries run on their own as allowed by law and the public supervises. Items included in the negative list of market access shall be open for multiple explorations and trials under different conditions such as committed access and be further supported by measures like informed filing and access information publicity. The committed access works in a way where the market subjects could be accessed after promising to fulfill statutory duties, shoulder social responsibilities, practice social integrity and submitting the commitment letter. The informed filing indicates that the market subjects shall, after finishing the investment, report to relevant departments about the investment and have it filed. The access information publicity indicates that the market subjects should perform all the duties stipulated in the *Interim Regulations on Publicity of Enterprise Information* as required by law.

(XVIII) Improve an approval system consistent with the negative list system of market access.

As for items with restricted access, governments at all levels and departments concerned should have their approval responsibilities and standards regulated according to their own authorities and should, in accordance with requirements put forward in the *Notice Released by the State Council on Regulating and Improving the Administrative Examination and Approval of Departments under the State Council* (GF [2015] No. 6) and the *Notice Issued by General Office of the State Council on Streamlining Examination and Approval Items, Standardizing Intermediary Service and Implementing the Plan of Online Parallel Approval System for Enterprise-invested Projects* (GBF [2014] No. 59), streamline the pre-approval, regulate and optimize the approval process, make it open and transparent and specify the responsibilities. Having said that, pre-approval steps concerning national security and production security shall be regulated and strengthened as required by law. Governments of province, city and county levels shall be encouraged to perform their administrative examination and approval rights in accordance with the market access list (restricted category), specify the approval items, references, applicable areas,

implementation subjects, access conditions and material list, requirements, procedures and time limit of application. It is necessary to establish an online examination and approval platform as soon as possible meeting such standards as “unified regulation, parallel operation, information sharing, efficient and convenient, open processing and full supervision” so that all the applications to be examined and approved could be informed, processed, finished and supervised via internet.

(XIX) Establish and improve a regulation mechanism consistent with the negative list system of market access.

Under the principle of each performing its own duties and law-based regulation, regions and departments concerned should strengthen their regulation against market subjects in the middle of and after the investment. They should, with the principle of streamlining government and delegating authorities, law-based regulation, open and transparent process, integration of power and responsibility and social co-governance, change their understanding about regulation, innovate new regulation method, enhance regulation effectiveness, optimize regulation against market behavior after access so as to ensure that items not included in the negative list of market access could be delegated to enterprises and be regulated when necessary. Departments concerned should attach more importance to the establishment, adjustment and management of development strategy, development planning, industry policy and standard specifications, set a strict “red line” according to law and strengthen regulation in the middle of and after investment. Governments of province, city and county levels shall be encouraged to implement the regulation list, specify regulation items, references, subjects, authorities, contents, methods and procedures and punishment measures, build a new regulation style which integrates legal restraint, administrative regulation, industrial binding, public participation and enterprise’s integrity and self-discipline, promote the establishment and improvement of industry association and commerce chamber, industry self-regulation standards, self-discipline convention, code of professional ethics and self-regulation mechanism consistent with the negative list of market access.

(XX) Establish and improve a social credit system and an incentive and disciplinary mechanism consistent with the negative list system of market access.

It is necessary to establish a social credit system, improve the publicity system of enterprise credit information, include the credit records of market subjects into the website of “creditchina.gov.cn” and the sharing and exchange platform of national credit information which will then serve as important references for all kinds of market subjects in their economic activities such as production, investment, circulation and consumption. A credit commitment system before access, which will later be included in the credit record of market subjects, shall be established among market subjects where they are willing to make an open commitment to the public and accept punishments and restrictions upon the occurrence of any illegal and dishonest operation. According to the incentive and disciplinary mechanism where honest operation shall be encouraged while dishonest operation will be punished, the market subjects could be classified on the basis of credit condition to realize a dynamic management where the honest subjects should be supported and encouraged in future activities while the dishonest subjects should be restricted in future investment and financing, land supply, bidding and tendering, financial capital arrangement as allowed by law. Market subjects shall be listed into the “blacklist” when they severely violate the market competition principle, disturb the market economy order and infringe upon the legitimate rights and interests of consumers, workers and other operators, and even be excluded from the market when their illegal and dishonest behaviors are too severe.

(XXI) Establish and improve an information publicity system and an information sharing system consistent with the negative list system of market access.

It is necessary to, on the basis of the publicity system of enterprise credit information, improve the publicity of enterprise’s annual report, instant information, selective information examination, list of enterprises with abnormal operations and list of enterprises with severe illegal behaviors. Relevant regulations set forth in the *Interim Regulations on Publicity of Enterprise Information* shall be followed when opening information to the public which is formed in the process of enterprise production and operation and obtained by government departments in the process of performing their duties and able to reflect the enterprise status. Credit restraint measures shall be applied to enterprises which failed to open their information to the public in time or hide information from the public and give false information, and

they should be restricted or prohibited to participate in future government procurement, project bidding and tendering, state-owned land transfer and so on. Regions and departments concerned shall, according to national general requirements, promote the establishment of credit information system of their own administrative regions and fields and realize information interconnection and sharing via the unified sharing and exchange platform of national credit information.

(XXII) Improve the law and regulations system to be consistent with the negative list system of market access.

In the implementation of the negative list system of market access, importance shall be equally attached to amending the “old law” and making “new law”. Departments concerned should, in accordance with legal procedures, comprehensively clean up laws, rules and regulations, regulatory documents and various kinds of administrative approvals related to market access, investment and operation, amend and annul those requiring amendment and annulment respectively in a timely manner or come up with amendment and annulment advice. The establishment basis for items not included in the negative list of market access shall be annulled or amended in time. When current law is challenged, the State Council shall first submit the very law to the National People’s Congress or its standing committee for amendment or suspension and then announce to the public; when current administrative regulations are challenged, the State Council herself could amend or suspend it first and then announce it to the public. At the same time, relevant laws consistent with the negative list system of market access should be made so as to ensure that there are laws to abide by when confirming the authority of market access management measures and regulating in the middle of and after access.

VI. Accelerate the Reform and Establishment of Relevant Systems

(XXIII) Establish an invest system consistent with the negative list system of market access.

As for projects other than those concerning national security, ecological security, major productivity lay-out, strategic resources development and significant public interests, enterprises enjoy complete decision-making power in terms of its

investment and the government approval is not required. The National Development and Reform Commission shall, in accordance with requirements of the State Council, reform the approval system for enterprise investment project, amend and promulgate the *Catalog of government approved investment projects* according to certain procedures so as to narrow the approval range for enterprise investment projects down as much as possible and achieve online parallel processing of project approval. It is necessary to strengthen cooperation and regulation among planing department, land resources department, environment protection department, technology department and safety regulation department and control the access through standards concerning environment protection, resources saving, technology and security. Foreign-invested enterprises which invest to construct fixed assets projects should, according to the principle of national treatment, apply the same approval or filing procedures with domestically funded enterprises.

(XXIV) Establish a commercial registration system consistent with the negative list system of market access.

It is necessary to deepen the commercial system reform and accelerate the implementation of “joining together of three certificates” and “one social credit code for one license” so as to promote the unified social credit code system for legal person and other organizations. It is required to streamline pre-approval items and reduce qualification accreditation items. The market subjects shall be allowed to voluntarily invest and operate in any accessible fields other than those prohibited and restricted by laws, administrative regulations and decisions of the State Council. Current management measures concerning market access shall all be cleaned up and those which can not be supported by laws, administrative regulations and decisions of the State Council shall all be annulled.

(XXV) Establish a foreign investment management system consistent with the negative list system of market access.

Departments concerned shall make the negative list of foreign investment as soon as possible on the basis of pre-establishment national treatment and negative list management mode. In order to meet the requirements of standardization and facilitation, it is necessary to streamline the licensing procedures of foreign

investment fields, explore the feasibility of one-stop approval and reduce the licensing steps. In order to safeguard national security, it is necessary to improve and regulate the strict security review system for foreign investment which shall be examined according to national security review system and other relevant measures when national security is involved. Regulation in the middle of and after investment shall be strengthened and the information report system and information publicity system for foreign investment shall be established so as to form a fully covered regulation system for foreign investment where government departments could share information and co-regulate and the public could participate in supervision as well.

(XXVI) Create a market environment with fair trade and equal competition consistent with the negative list system of market access.

Departments concerned shall, according to relevant requirements, clean up and annul all kinds of regulations and practices which prevent the market from playing a decisive role in resources allocation and stand in the way of unifying national market and fair competitions, prohibit and punish various kinds of illegal preferential practices and say no to local protection, monopoly and unfair competition. It is required to improve a series of system mechanisms involving property rights' definition, operation and protection, legally protect all kinds of property rights like real right, debt right, equity right and intellectual property right, stick to the equality of rights, opportunities and rules, cancel regulations unreasonable for kinds of non-public economies, eliminate various types of invisible barriers and come up with specific measures to ensure that all kinds of market subjects enjoy equal access to natural monopoly and franchise fields as allowed by law.

Regions and departments concerned shall fully understand the importance and urgency of implementing the negative list system of market access from the height of promoting the modernization of governance system and ability of China, complete the establishment and implementation of the negative list of market access, accelerate the process of relevant reform and the establishment of supporting systems, discover suspicious and potential problems and have them solved at the beginning phase and ensure a tangible effect of this reform.

Appendix: Work Proposal on Launching the Reform Pilot for the Negative List System of Market Access

The State Council

Oct. 2, 2015

(This document is publicly released.)

Appendix

Work Proposal on Launching the Reform Pilot for the Negative List System of Market Access

Article 1. In accordance with the requirements set forth in the *Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform* that “we should implement the unified market access system where, on the basis of the negative list, all kinds of market subjects could equally enjoy access to fields other than those included in the list as allowed by law” and the *Opinions of the State Council on Promoting Fair Competition and Maintaining Normal Order of the Market* (GF [2014] No. 20) that “the market access system shall be reformed”, the State Council decided to choose some regions to try out the negative list system of market access. This proposal is established to promote this reform in a correct, orderly and coordinated manner.

Article 2. The negative list system of market access works in a way where the State Council will clearly list out certain industries, fields and businesses in which foreign investors are prohibited and limited to invest within the People’s Republic of China and governments at all levels shall come up with relevant management measures facilitating its implementation. But Industries, fields and businesses unlisted are equally accessible to all kinds of market subjects as allowed by law.

Article 3. This proposal shall apply to regions approved by the State Council to launch the trial of the negative list system or market access, regions which are not included in the trial shall still follow its current management mode.

Article 4. The pilot regions shall, under the principle of streamlining government and delegating authorities, law-based regulation, open and transparent process, integration of power and responsibility and social co-governance, maintain a dynamically balanced relationship between government and market where on the one hand, the market could play a decisive role in resources allocation and on the other hand, the government's role could be brought into better play. Establishment of the negative list of market access shall abide by the principle of law-based ruling, security, steady approaching, necessity and openness.

The pilot regions shall perform the trial by making system innovation as its core task and summarizing a producible and extensively applicable experience as its basic requirement.

Article 5. People's government at the provincial level shall, on the basis of the negative list of market access draft (trial version) collected and examined by the National Development and Reform Commission and the Ministry of Commerce, put forward its trial proposal on implementing the negative list system of market access and submit to the State Council for approval before its official implementation.

While exploring constantly the establishment, implementation and adjustment procedures of the negative list of market access, the pilot regions shall attach equal importance to deepening relevant reforms, setting up and improving an access mechanism, examination and approval mechanism, regulation mechanism, social credit system, incentive and disciplinary mechanism, information publicity system and information sharing system, investment mechanism, commercial registration system and foreign investment management system consistent with the negative list system of market access, building up a market environment with fair trade and equal competition and coming up with advice on improving law and regulation system related to the negative list system of market access.

During the trial, all the market subjects are not allowed to invest and operate in industries, fields and businesses included in the "prohibited access list". If the market subjects are planning to invest and operate in industries, fields and businesses included in the "restricted access list", they shall, in accordance with relevant laws, administrative regulations and decisions of the State Council, be allowed to access

through examination and approval or administrative confirmation obtained in other methods. Industries, fields and businesses excluded from the negative list do not require government approval any more and all the market subjects could equally access as allowed by law. Rights delegation shall be coupled with regulation and departments concerned shall, after taking national security, ecological environment, public interests and production security into full consideration, improve the comprehensive evaluation index system, determine the primary responsibilities of enterprises, strengthen regulation and set up a security review, regulation and accountability system as to form a new pattern where the government regulates in a macro manner, enterprises and industries run on their own as allowed by law and the public supervises. Items included in the negative list of market access shall be open for multiple explorations and trials under different conditions such as committed access and be further supported by measures like informed filing and access information publicity.

During the trial, people's government at the provincial level shall, in the light of the reform progress and outstanding problems reflected by all the market subjects, come up with adjustment suggestions concerning the negative list of market access and submit to the State Council for approval before its implementation.

Article 6. During the trial, people's government at the provincial level shall, after being authorized or permitted by the State Council, adjust temporarily relevant regulations like the *Catalog for Guiding Industry Restructuring* and the *Catalog of Government Approved Investment Projects* when it is necessary during the implementation of the negative list of market access. Suspension of relevant laws, administrative regulations or other related provisions shall be handled according to statutory procedures.

Article 7. People's governments at the provincial level of the pilot regions shall strengthen unified organization and balanced coordination, establish working mechanisms concerning process management, alert warning, information feedback and dynamic performance evaluation and improve supporting policies and measures so as to guarantee a substantial progress of the pilot reform.

Article 8. The National Development and Reform Commission and the Ministry of Commerce shall be responsible for guiding, coordinating, supervising and evaluating the reform trial of the negative list of market access, reporting major events and problems up to the State Council in a timely manner. Departments involved shall be in close contact with pilot regions and have reform measures optimizing the management of market access tried out first at the pilot regions.

Article 9. The pilot regions shall sum up experience in a timely manner, be sensitive enough to discover suspicious and potential problems, correct deviations, improve policies and proceed the trial step by step so as to finish the reform task on time.

People's governments at the provincial level of the pilot regions shall submit the reform progress report of pilot regions to the State Council regularly. The midterm evaluation report shall be submitted within one month after one year of the trial and the final report shall be submitted within two months after the trial comes to an end.

During the trial, the National Development and Reform Commission and the Ministry of Commerce shall organize the third-party assessment where the performance, implementation effect, experience obtained, problem existing and affecting factors of the reform shall be investigated objectively and evaluated comprehensively so as to come up with suggestions about further improvement. The third-party assessment shall be the first choice for midterm and final assessment for pilot regions.

Article 10. The responsibility to interpret this proposal shall be remained with the National Development and Reform Commission and the Ministry of Commerce.

Article 11. This proposal will come into effect from Dec. 1, 2015 to Dec. 31, 2017.