

DEMONSTRATION OF REGULATIONS FOR LOCALLY RUN
NON-ENTERPRISE UNITS (LEGAL PERSON)

<Directions>

1. The demonstrated regulations are formulated according to “Tentative Regulations for Registration of Locally Run Non-Enterprise Units,” issued by the State Council on October 25, 1998.
2. The demonstrated regulations are aimed at providing locally run non-enterprise units (person) with models of regulation formulation.
3. Regulations formulated by locally run non-enterprise units (person) should include all articles listed in the demonstrated regulations, but appropriate supplement may be permitted according to actual circumstances.
4. Statements within [] are requirements of formulation.

Chapter One General Principles

Article One The title of the present unit is _____.

[The title should be in accordance with “Tentative Regulations for Registration and Management of Locally Run Non-Enterprise Units” and “Tentative Regulations for Title Management of Locally Run Non-Enterprise Units” formulated by the Ministry of Civil Affairs]

Article Two The nature of the present unit is _____.

[It must be clarified that the unit is an organization that utilizes non-state-owned funds, be established voluntarily, and perform non-profit activities of social services]

Article Three The objective of the present unit is _____.

[It must be clarified that the organization abides by the Constitution, laws, regulations state policies, and comply with social ethics and customs, with specific aims of its establishment]

Article Four The administrative agency for registration of the present unit is _____; the organization responsible for professional activities of the present unit is _____.

Article Five The address of the present unit is _____.

[For example: ×× Province (Autonomous Region, Municipality directly under the Central Government) ×× City (District, County)]

Article Six Items within the present demonstration that are not consistent with relevant laws, regulations and policies, should be reformulated in line of the standard.

Chapter Two Initiator, Starting Funds and Scope of Professional Activities

Article Seven The initiator of the present unit is _____.

The initiator has the following rights:

- 1) Understand the management conditions and financial status;
- 2) Recommend directors (board members) and supervisors;
- 3) Inspect minutes of the board meetings and the financial reports of the present unit.

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Article Eight Starting funds of the present unit: _____yuan; contributor(s) of funds: _____, amount of funds: _____.

[Contribution of starting funds should follow regulations of the relevant laws; In case of multiple contributors, the amount of funds provided by each should be specified]

Article Nine The scope of professional activities of the present unit:

1) _____;

2) _____;

3) _____.

.....

[It must be clarified that these activities be in accordance with the scope confirmed by the responsible agency]

Chapter Three Systems of Organizational Management

Article Ten The present unit establishes a board of directors, with __ members. The board of directors is the policy-making body of the present unit.

The board of directors is composed of the initiator(s) (including contributor(s) of funds), labor representatives (elected by the entire staff and workers) and those nominated and elected by the relevant institution (responsible agency).

Each term for the board of directors is __ years, and at the expiration of the term, reelection and reappointment is authorized.

[The board of directors is composed of three to twenty-five members; one term of office for each member should be three or four years; the relevant institution mainly refers to the responsible agency]

Article Eleven The board of directors has decision-making power of following items:

- 1) Revision of regulations;
- 2) Plans for professional activities;
- 3) Schemes of annual financial budget and final accounts;
- 4) Programs for increment of starting funds;

- 5) Division, amalgamation and termination of the present unit;
- 6) Appointment or dismissal of the unit's leading person (such as school president or institutional director), the deputy leader appointed or dismissed by him or her (such as deputy dean, deputy director), and those responsible for financial affairs;
- 7) Removal or augment of board members;
- 8) Establishment of internal institutions;
- 9) Formation of rules and regulations for internal administration;
- 10) Wages and rewards of employees;
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Article Twelve The board of directors convenes ___ meetings every year (minimum is two times). Convention of the board meeting should be based on one of the following situations:

- 1) When the board president considers it necessary;
- 2) When more than one third of the board members jointly propose it.

Article Thirteen The board of directors should include one president, one to two vice-presidents. Their appointment or removal should go through election by more than half of the members.

Article Fourteen The vice-president(s) should provide assistance to the president, and when the president is unable to perform his or her functions of office, the vice-president, designated by the president, should serve the duty instead.

Article Fifteen In convening a board meeting, the time, place and contents of the meeting should be notified to the entire members ten days earlier. For absence of the meeting, a board member should mandate another member to attend it instead, and the written mandate must specify the scope of authorization.

Article Sixteen The board meeting cannot be held unless more than half of the board members are present. The board meeting should adopt the system with one vote per member. Any board resolution must be passed by more than half of the members.

Resolutions of the following items must be passed and validated by over two thirds of the entire board:

- 1) Revision of regulations;
- 2) Division, amalgamation and termination of the present unit;
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Article Seventeen Minutes should be prepared at the board meeting. Resolutions made at the meeting should be recorded on the spot as a summary of the meeting, which, then, should be scrutinized and signed by the board members present. For resolutions that are against relevant laws, regulations and rules, thereby impairing the interests of the present unit, the board members participating in their derivation should be responsible for outcomes. However, those who are proven and recorded in minutes to be against such resolutions in voting, may be free of taking responsibilities.

The minutes of the board meeting should be saved in archives by personnel assigned by the board president.

Article Eighteen The president of the board executes the following functions:

- 1) To convene and chair the board meeting;
- 2) To inspect the implementation of board resolutions;
- 3) Other authorities specified by relevant laws, rules and regulations of the present unit.

Article Nineteen The leading figure of the present unit (such as school president and director) takes responsibilities for the board of directors and executes the following authorities:

1) To preside over daily activities of the unit, organize and implement resolutions of the board;

2) To coordinate and implement schemes of the annual professional activities;

3) To design programs for the formation of internal organization;

4) To design regulations for internal management;

5) To propose recommendations for appointing or removing deputy and financial personnel of the unit;

6) To appoint or remove personnel responsible for internal affairs;

.....

The leading figure of the president unit (such as school president or director) attends the board meeting without voting right.

Article Twenty The present unit establishes the supervisory committee, with members.

The term for a member of the supervisory committee is identical to that for a board member, and reelection and reappointment is permitted at the expiration of the term.

[The supervisory committee should include at least three members who should elect a convener. The locally run non-enterprise unit with a relatively limited personnel may not necessarily establish a supervisory committee, but it is necessary to assign one or two supervisors]

Article Twenty-One Supervisors should be appointed or replaced from those recommended by the initiators (including contributors of funds), employees of the unit, or other relevant agencies. Employee representatives in the supervisory committee should be democratically elected from staff and workers of the present unit.

Board members, leading cadres (such as school presidents or directors) and those responsible for financial affairs, cannot serve as supervisors concurrently.

[The relevant agency refers to the responsible unit]

Article Twenty-Two The supervisory committee or supervisors execute the following functions:

- 1) Inspect financial affairs of the present unit;
- 2) Supervise inappropriate conducts against relevant laws, rules and regulations, committed by board members and leading cadres of the present unit (such as school presidents or directors);
- 3) Request board members and leading cadres of the present unit (such as school presidents or directors) to correct inappropriate conducts that impair the interests of the unit;

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Supervisors attend the board meetings without voting right.

Article Twenty-Three Meetings of the supervisory committee exercises one-vote-per-member policy. Resolutions raised by the committee should be passed and then validated by more than half of the entire committee.

Chapter Four Legal Representative

Article Twenty-Four The legal representative of the present unit is _____.

[The legal representative should be the president of the board of directors or the leading cadre (such as school president or director)]

Article Twenty-Five The following persons cannot serve as the legal representative of the present unit:

- 1) Whoever has lost or only has limited ability of performing civil action;
- 2) Whoever is in criminal punishment or under the enforcement of criminal sanctions;
- 3) Whoever is currently wanted by the police or a national security agency;
- 4) Whoever is within three-year time limit since release from imprisonment, or whoever is within five-year time limit since the termination of deprivation of political rights;
- 5) Whoever served as a legal representative at a locally run non-enterprise unit that is within three-year time limit since the termination of registration because of illegal activities;
- 6) Non-residents of the mainland;
- 7) Others who cannot serve as legal representatives according relevant laws and regulations.

Chapter Five Capital Management, Principles of Capital Use and Rules of Labor Utilization

Article Twenty-Six Sources of funds at the present unit:

- 1) Starting funds;
- 2) Financial aids from the government;
- 3) Earnings of services within the scope of professional activities;
- 4) Interests;
- 5) Dividends;
- 6) Other legal earnings.

Article Twenty-Seven Funds must be used for the professional activities, as stipulated by relevant regulations, and the development of the unit, and the distribution of dividends is prohibited.

Article Twenty-Eight The unit should implement the accounting regulations stipulated by the state, and establish a sound supervisory system for internal accounting activities, thereby guaranteeing the accounting documents to be legal, valid, accurate and complete.

The unit should accept tax and accounting supervisions, as executed officially by the agency responsible for taxation and accounting.

Article Twenty-Nine The unit should allocate professional accountants. An accountant cannot serve as a cashier simultaneously. When an accountant is transferred to another position or takes leave, he or she should go through all formalities for the hand-over with the successor(s).

Article Thirty The unit should go through financial audit before changing terms or altering legal representatives.

Article Thirty-One The present unit voluntarily accepts annual inspection by the agency of registration management according to “Tentative Regulations and Management for Locally Run Non-Enterprise Units.”

Article Thirty-Two The present unit implements labor use and the social security system according state laws, regulations, and the relevant rules stipulated by the department of labor security, the State Council.

Chapter Six Revision of Regulations

Article Thirty-Three Revisions of the present regulations must be reported to the responsible agency for investigation and authorization within fifteen days after being passed by the board of directors, and such revisions should then be reported to the managing institution of registration for verification within thirty days.

[Regulations for locally run schools must be reported to the managing institution of registration for the record]

Chapter Seven Termination and Subsequent Capital Disposal

Article Thirty-Four The present unit must terminate if one of the following circumstances occurs:

- 1) Inability to fulfill the objectives of the regulations;
- 2) Inability to continue activities according to the objectives of the regulations;
- 3) Occurrence of division or amalgamation;
- 4) Self-disbandment;

.....

Article Thirty-Five Termination of the present unit must be reported to the responsible agency for investigation and authorization within fifteen days after its passing by the board of directors.

Article Thirty-Six Before going through formalities for termination, the present unit must establish a clearing body, sorting out credit and debt, disposing surplus capital, and completing the work of clearing, under the guidance of the managing institution of registration, the responsible agency and the relevant organization.

The surplus capital should be disposed according to relevant laws and regulations. In the interim of clearing, the unit should not perform other activities.

The present unit should go through formalities for cancellation of registration within fifteen days after the completion of clearing.

Article Thirty-Seven The present unit officially terminates from the data of documented cancellation issued by the managing institution of registration.

Chapter Eight Supplementary Articles

Article Thirty-Eight The present regulations were passed on day/month/year by the board of directors.

Article Thirty-Nine The board of directors possesses the right to explain the present regulations.

Article Forty The present regulations become effective from the data of authorization by the managing institution of registration.

[Regulations for locally run schools should be reported to the managing institution of registration for the record]