

Order No. 7 [2021] of the People's Bank of China (Measures for the Unified Registration of Security Interests Over Movable Properties and Rights)

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The Measures for the Unified Registration of Security Interests Over Movable Properties and Rights, adopted on November 18, 2021 at the eleventh executive meeting of the People's Bank of China in 2021, is hereby issued and shall come into force as of February 1, 2022.

Yi Gang, Governor of the People's Bank of China
December 28, 2021

Measures for the Unified Registration of Security Interests Over Movable Properties and Rights

Chapter I General Provisions

Article 1 This *Measures* is formulated in accordance with the *Civil Code of the People's Republic of China*, *Regulations on Optimizing Business Environment*, *Decision of the State Council on the Implementation of Unified Registration of Security Interests over Movable Properties and Rights* (Guo Fa [2020] No. 18), and other applicable laws and regulations to regulate the unified registration of security interests over movable properties and rights and protect the lawful rights and interests of security parties and interested persons.

Article 2 The following types of security are included within the scope of unified registration of security interests over movable properties and rights:

- (1) mortgage of production equipment, raw materials, work-in-progress, and finished products;
- (2) pledge of accounts receivable;
- (3) pledge of certificates of deposit, warehouse receipts, and bills of lading;
- (4) financial leasing;

- (5) factoring;
- (6) retention of title; and
- (7) other security interests over movable properties and rights that can be registered, except for mortgage of motor vehicles, vessels, and aircrafts and pledge of bonds, fund shares, equity interest, or proprietary rights in intellectual properties.

Article 3 In this *Measures*, “account receivable” refers to the right of the creditor to demand or other claim payment from the debtor for providing certain goods, services, or facilities, including existing and future pecuniary claims, but excluding the right to demand payment which arises from negotiable instruments or other negotiable securities as well as that the transfer of which is prohibited by laws and administrative regulations.

In this *Measures*, an account receivable covers the following claims:

- (1) Claims arising from sales or rentals, including sale of goods; supply of water, electricity, gas, or heating; licensing of intellectual property rights; and rental of movable or immovable properties;
- (2) Claims arising from the provision of medical, educational, tourism, and other similar services or contracted services;
- (3) Rights to the income arising from infrastructure and public utility projects such as energy, transportation, water conservancy, environmental protection, and municipal engineering projects;
- (4) Claims arising from the provision of loans or other credits; and
- (5) Other contract-based claims involving monetary payment.

Article 4 The Credit Reference Center (the “Credit Reference Center”) of the People’s Bank of China (“PBC”) is the registrar for security interests over movable properties and rights. The Credit Reference Center handles registration as a service but does not provide pre-transaction approval and registration or perform substantive review of the matters to be registered.

The Credit Reference Center establishes an internet-based unified registration and public notification system for movable properties financing (the “Unified Registration System”) to provide the public with registration and information

inquiry services with respect to security interests over movable properties and rights.

Article 5 The PBC supervises and guides the activities of Credit Reference Center relating to its registration and inquiry services.

Chapter II Registration and Inquiry

Article 6 Registration of security interests over movable properties and rights that are included into the scope of unified registration shall be completed through the Unified Registration System.

Article 7 Registration shall be performed by the security interest holder. A security interest holder shall reach an agreement with the security provider on the particulars to be registered before the registration.

The security interest holder may also appoint another person to perform the registration on its behalf. In such a case, the provisions of this *Measures* on registration by a security interest holder shall apply equally to that other person.

Article 8 A security interest holder shall register as a user of the Unified Registration System before registration of security interests.

Article 9 The particulars of a registration shall include the basic information about the security interest holder and security provider, a description of the collateral, and duration of the registration.

If the security interest holder or the security provider is a legal person or unincorporated organization, it shall provide its legal name, domicile, name of the legal representative or principal, organization codes or identifiers including the financial institution code, Unified Social Credit Code, and Legal Entity Identifier, and other relevant information.

If the security interest holder or security provider is a natural person, it shall provide such information as its valid identity certificate number and the address indicated on the valid identity certificate.

The security interest holder, upon agreement with the security provider, may incorporate the following information in the registration: the amount of the principal claim; the scope covered by the security interest; the collaterals whose transfer is prohibited or restricted, among others. Any general description of the collaterals shall permit the reasonable identification thereof.

For any capped floating claim, the registration shall indicate the maximum amount of claims.

Article 10 A security interest holder shall submit the completed registration form to the Unified Registration System. The Unified Registration System will record the time of submission, assign a registration number, and provide the security interest holder with an initial registration certificate and a registration update code.

Article 11 A security interest holder shall set a reasonable duration of registration based on the duration of performance of the principal claim. The duration of registration is 1 month minimum and 30 years maximum.

Article 12 A security interest holder may apply for an extension of the duration of a registration before it expires.

The duration may be extended for multiple times, subject to a minimum length of 1 month and a maximum length of 30 years each time.

Article 13 Where there is any omission, error, or change in the particulars of a registration, the security interest holder shall update the registration.

If the security interest holder adds additional collaterals to the original registration, such collaterals shall be deemed as a new registration.

Article 14 Where there is any change in the legal name or the valid identity certificate number of the security provider provided at the time of registration by a security interest holder, the security interest holder shall update the registration within four months following the date of such change.

Article 15 A security interest holder shall reach an agreement with the relevant security provider before extending the duration or updating relevant information of a registration.

Article 16 A security interest holder shall cancel its registration within ten days of occurrence of any of the following circumstances:

- (1) The principal claim is extinguished;
- (2) The security interest is enforced;
- (3) The security interest holder waives its security interest over the collaterals designated in the registration; or

(4) Any other circumstance that extinguishes the security interest.

A security interest holder shall bear the corresponding legal liabilities if it causes damage to others as the result of a delayed cancellation of registration.

Article 17 A security interest holder shall apply for the extension, update, or cancellation of a registration with its registration update code.

Article 18 A security provider or another interested person contending errors in a registration may request the security interest holder to update or cancel the registration. Where the security interest holder refuses to make the update or cancellation of registration, the security provider or interested person may apply for the registration of an objection.

Any security provider or interested person that registers an objection may remove it at its own discretion.

Article 19 A security provider or interested person shall notify the security interest holder within seven days following the completion of the registration of an objection.

Article 20 Where a security provider or interested person fails to file a lawsuit or request for arbitration and submit the case acceptance notice to the Unified Registration System within 30 days following the registration of an objection, the Credit Reference Center shall revoke such registration.

Article 21 Upon the request of a security provider, interested person, or security interest holder, the Credit Reference Center shall revoke the relevant registration in accordance with such legal instruments as the judgment or ruling of a people's court or the award of an arbitration institution that has entered into effect with respect to the security provider, the interested person, or the security interest holder.

Article 22 After a security interest holder updates or cancels a registration or a security provider or interested person registers an objection, the Unified Registration System will record the time of registration, assign a registration number, and generate a certificate for such update, cancellation, or registration of an objection.

Article 23 A security interest holder that engages in financing with its security interests over movable properties and rights shall rigorously review and verify that the collaterals are genuine and check with the Unified Registration System for the encumbrances created on the collaterals.

Article 24 A security interest holder, security provider, or interested person shall complete registrations truthfully in accordance with the prompts of the Unified Registration System, and shall be responsible for the truthfulness, integrity, and legitimacy of the particulars of a registration. Where any security interest holder or security provider provides an incorrect name, describes the collaterals in a way that is not adequate to reasonably identify them, or is involved in any other circumstance that denies the correct public disclosure of the security interests, the legal consequences resulting therefrom shall be solely borne by the parties concerned. Any party that provides false materials or otherwise causes damage to others during a registration shall bear the corresponding legal liabilities.

Article 25 Any legal person, unincorporated organization, or natural person may inquire the particulars of a registration of security interests over movable properties and rights after registering as a user of the Unified Registration System.

Article 26 A security provider that is a legal person or unincorporated organization shall make inquiries using its legal name.

A security provider that is a natural person shall make inquiries with its identity certificate number.

Article 27 The Credit Reference Center will provide an inquiry certificate in accordance with the request of the inquirer.

Article 28 A security interest holder, security provider, or interested person may verify a registration certificate or inquiry certificate with the corresponding certificate number through the Unified Registration System.

Chapter III Responsibilities of the Credit Reference Center

Article 29 The Credit Reference Center shall establish internal controls for registration information, and take technological and other necessary measures to improve and maintain the Unified Registration System, ensure the security and stability of the system, set up efficient service frameworks to raise the efficiency and quality of services on an ongoing basis, and prevent the leakage and loss of registration information to protect the legitimate rights and interests of the parties concerned.

Article 30 The Credit Reference Center shall develop operating rules for the registration process and internal management frameworks, and file them with the PBC for record.

Article 31 Upon the cancellation, expiration, or revocation of a registration, the Credit Reference Center shall retain the registration records in an electronic and offline format for 15 years.

Chapter IV Ancillary Provisions

Article 32 The Credit Reference Center shall charge the registration service fees at the fee standard approved by the competent price authority under the State Council.

Article 33 PBC reserves the right to interpret this *Measures*.

Article 34 This *Measures* takes effect on February 1, 2022. The *Measures for Registration of the Pledged Account Receivables* (Order No. 4 [2019] of the PBC) expires on that same day.