

# China Law Update

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## [China to Solicit Public Opinions On Administration of Enterprise Annuity Funds](#)

The Ministry of Human Resources and Social Security recently issued the Measures for the Supervision and Administration of Enterprise Annuity Funds (Draft) ("the Draft") and sought public comments on the Draft. The Draft amended the currently effective Interim Measures for the Administration of Enterprise Annuity Funds in several important respects, as highlighted below:

### **Investment Composition**

The Draft imposed new investment composition requirements for enterprise annuity funds (EAFs). Under the Draft, the upper limit for investment by EAFs in fixed income assets such as fixed deposits, government bonds, and enterprise bonds can be 95% of their portfolios, up from the current 50%, and the lower limit for investment in equities and other liquid assets can be as low as 5%, down from the current 20%.

### **Fund Governance**

The Draft also proposed more stringent provisions with respect to the governance of EAFs. For example, it will be required that the management, supervision, and investment decisions for each EAF be handled separately by different service providers.

### **Collective Scheme**

Recognizing the difficulties medium- and small-sized companies may face in setting up EAFs, the Draft proposed a certain collective scheme for such companies to join. But the proposal appears preliminary and the Draft has yet to lay out a clear picture of how so-called "collectively managed EAFs" might operate.

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