



One Minute Memo[®]

China Changes Rules Governing Representative Offices

China's State Administration for Industry and Commerce (SAIC) recently instituted new regulations for representative offices of foreign companies (ROs) in Shanghai, limiting head count as well as the validity period of the RO's registration. ROs are now only able to sponsor a maximum of four foreign representatives. In addition, the registration certificates for ROs must be renewed annually. Though these restrictions are only being implemented in Shanghai currently, they will be implemented throughout China in 2010. These new restrictions do not apply to representative offices of foreign law firms.

Limitation on Head Count. The new four-representative limit applies to existing representative offices that are renewing their registration certificates as well as to new offices applying for their certificates for the first time. Residents of Hong Kong, Macao, and Taiwan are classified as foreign nationals for the purpose of the SAIC's regulations. Furthermore, in certain cities, including Shanghai, the limit also applies to Chinese nationals who hold permanent residence status in other countries.

Annual Registration Requirement. Representative offices are now required to renew their registration certifications annually. Because work permit expirations are issued for the duration of the registration certification, under the new regulations, the validity of work permits has been reduced to a maximum of one year. Previously, registration certifications were valid for three years, which in turn enabled work permits to be valid for three years.

In addition to these limitations, the SAIC responsible for the administration of ROs will perform on-site inspections within three months of the issuance of the registration certificate. If an RO is found to have performed any illegal activities, administrative fines could be imposed, and there could be delay in issuance of registration renewal.

The Seyfarth Global Mobility Team (GMT) is a team of attorneys and paralegals with extensive experience in obtaining global visas and work permits in a multitude of foreign jurisdictions. The GMT provides employers with comprehensive immigration services for employees headed to foreign-country assignments. For more information about the visa and work permit options available (whether in connection with relocation of a single employee or of an entire business unit), please contact the Seyfarth attorney with whom you work, or any Business Immigration attorney on our website (www.seyfarth.com/immigration). We stand ready to assist you.