


Asian Roundtable  
Task Force on  
Related Party Transactions



**Session 4: Fiduciary duties: A  
precondition for enforcement**

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*Manila, 5-6 February 2009*



**Fiduciary duties:  
a preconditions for enforcement**

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**5th Feb. 2009 Manila**



## **1. Duty of loyalty**

**Stipulated in China's "Company Law" amended in 2005:**

**What's the duty?**

**Which conducts should be prohibited?**

## **2. Duty of Care**

**Not appeared in "Company Law"**



# **How to understand the duty?**

- 1. Clear legal provisions**
- 2. Training the directors**



## **Administrative responsibility :**

**Fine**

**Confiscating illegal income**

**Disqualification**

**Ordered to end the breach**

**Ordered to correct the violations**

**Banned to enter into the securities market**



## **Criminal Liability:**

**Shareholders can file a lawsuit with the competent people's court .**

**The directors, supervisors, senior management, and the controlling shareholders or the actual controllers of a listed company should be punished for lawbreaking.**

**Penalties: imprisonment , criminal detention, fine**



## **Civil Liability:**

**The directors should bear civil liabilities to the company and public shareholders for their violations.**

**The laws and regulations are relatively lack of operability .**

**There is a big obstacle for the court to accept such civil cases.**





# Thanks !

