

Guiding Opinions of the General Office of the State Council on Strengthening Supervision, Preventing Risks, and Promoting the High-Quality Development of Private Investment Funds¹

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To the people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government; to all ministries and commissions of the State Council, and all institutions directly under the State Council: in order to effectively strengthen the supervision of private investment funds (hereinafter referred to as "private funds"), prevent and mitigate risks, and promote the high-quality development of the private fund industry, the following opinions are hereby issued with the approval of the State Council.


I General Requirements

Adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implementing the spirit of the 20th National Congress of the Communist Party of China and the plenary sessions of the 20th Central Committee, and carrying out the arrangements of the plenary sessions of the 20th Central Commission for Discipline Inspection and the Central Financial Work Conference, efforts shall be made to follow the path of financial development with Chinese characteristics and actively foster a financial culture with Chinese characteristics.

We shall maintain both a goal-oriented and problem-oriented approach. In view of existing issues—such as the need to improve market entry mechanisms in the private fund industry, insufficient supervision, incomplete institutional frameworks, inadequate coordination between central and local authorities, failure by certain government investment funds and state-owned enterprise investment funds to fully discharge the responsibilities of fund contributors, and the use of some private funds as tools for illegal activities, new forms of corruption, and concealed corruption—China shall establish a regulatory and institutional system, as well as long-term mechanisms, to strengthen supervision and prevent risks, thereby promoting industry development through regulation and enhancing regulation through development.

¹Translated by Health Law Asia – Pharmaceutical, Medical Device, and Cosmetics Law





We shall uphold the functional positioning of private funds, coordinate overall planning, optimize incremental development, revitalize existing resources, support high-quality institutions while restricting inferior ones, and improve quality and efficiency. Private funds shall be strictly prohibited from engaging in illegal lending, “equity in name but debt in substance,” and other non-compliant activities.

We shall implement classified supervision, adopting differentiated regulatory approaches “one category, one policy” based on factors such as the nature of fund contributors and product types. We shall ensure strict supervision of lawful institutions, resolutely eliminate unlawful institutions, and severely crack down on illegal conduct.

II Strengthening Source-Level Risk Prevention and Control

1

Optimize the rules governing the registration and filing of private investment funds, and resolutely prevent institutions and products that do not conform to the essential characteristics and operational principles of private funds from being registered or filed as such. Strictly control the establishment of new government investment funds; in principle, counties and districts shall not establish new funds, and where establishment is genuinely necessary, approval must be obtained from the people’s government at the next higher level. Strengthen information sharing and operational coordination among comprehensive assessment and consultation mechanisms, registration of business entities, and private fund registration and filing processes.

2

Institutions intending to apply for private fund registration and filing shall first undergo comprehensive assessment and consultation, and may apply for business entity registration only after passing such assessment. The China Securities Regulatory Commission (CSRC), as the national securities regulatory authority, shall uniformly define the scope and standards for comprehensive assessment and consultation. Departments responsible for financial regulation under the people’s governments at the provincial level and state-planned cities (hereinafter collectively referred to as “provincial-level and state-planned city people’s governments”), together with the local offices of the CSRC, shall jointly conduct comprehensive assessment and consultation, optimize and publicly disclose the procedures, ensure rigorous gatekeeping and policy interpretation, and strictly prohibit delegation of such responsibilities.

3

Strictly implement the registration and administration requirements for financial business entities. Without the consent of the CSRC’s local offices and the financial regulatory departments of provincial-level and state-planned city people’s governments, no institution may use terms such as “private investment fund” or “venture capital fund,” or other expressions relating to private funds, in its business entity name or business scope.



III Comprehensive Strengthening of Supervision

4

Promote the revision of the Securities Investment Fund Law. Advance the issuance of judicial documents concerning the handling of criminal cases involving private investment funds. Formulate rules governing the supervision of private fund managers, information disclosure, fundraising activities, and mandatory custodial arrangements. Introduce regulatory provisions to standardize the institutional arrangements of “performance compensation agreements”. Establish a comprehensive regulatory framework for private funds that is primarily based on administrative supervision, supplemented by industry self-regulation.

5

Refine the standards for private fund risk assessment, enhance the alignment between regulatory intensity and risk levels, and implement differentiated supervision of private fund managers based on assessment results. Increase the frequency and depth of on-site inspections for key private fund managers in accordance with the law, and strengthen joint inspections between central and local authorities as well as across jurisdictions. Intensify supervision of private fund managers operating outside their registered locations, and guide the alignment of registration locations with actual business operations. Strengthen regulatory guidance and corrective measures for private fund managers involved in irregular nominee holdings, channeling arrangements, or similar practices, and promote proactive rectification. Enhance monitoring of private securities funds and reinforce supervision of trading activities.

6

Leverage technology to empower supervision by establishing a centralized monitoring platform for private fund risks and developing a comprehensive system of risk-screening indicators. Strengthen end-to-end monitoring and collect information submitted by private fund managers, custodians, service providers, and other relevant entities, as well as information relating to business entity registration and judicial proceedings. Enhance data and information analysis through a “look-through” approach to improve the ability to identify risks and provide support for regulatory refinement and policy formulation.

7

The Ministry of Finance shall fulfill the responsibilities of a contributor to government investment funds, strengthen budget management, performance management, state-owned asset management, and statistical reporting, and strictly enforce fiscal discipline. The National Development and Reform Commission shall enhance the credit system for government investment funds and the registration of credit information, and, together with industry regulators and enterprise supervisory authorities (hereinafter collectively referred to as “competent authorities”), strengthen guidance and evaluation of fund investment directions. Competent authorities shall take the lead in strengthening monitoring of the operations of government investment funds, preventing deviation from their functional positioning, guiding



improvements in internal controls and risk management, and ensuring strict compliance with private fund regulatory requirements. The China Securities Regulatory Commission shall further clarify the registration and filing requirements for government investment funds and conduct supervision in accordance with laws and regulations. People's governments at the provincial level and state-planned cities shall strengthen overall coordination of government investment funds within their jurisdictions; in principle, no new funds of the same type shall be established where such funds already exist, and consolidation of existing similar funds shall be promoted. Local people's governments at or above the county level shall, in accordance with the principle of "who initiates, who approves, who is responsible," effectively perform their management duties and ensure the standardized operation of government investment funds.

8

Institutions acting on behalf of the State Council to fulfill contributor responsibilities, together with competent authorities and the people's governments at the provincial level and state-planned cities, shall, in line with requirements for optimizing the layout and structural adjustment of the state-owned economy, coordinate the planning of state-owned enterprise (SOE) investment fund structures. They shall ensure that such funds remain focused on their core responsibilities and functional positioning, and strengthen guidance and evaluation of investment directions. Strict entry controls shall be enforced, and the indiscriminate establishment of SOE investment funds shall be resolutely prevented. Consolidation and restructuring of underperforming funds shall be promoted. SOEs shall be held strictly accountable, and SOE investment fund managers shall be required to fully comply with private fund regulatory rules and establish sound operational models consistent with the characteristics of SOE investment funds, preventing loss of control and loss of state-owned assets. Senior management personnel shall be selected with strict standards; individuals included on the private fund industry blacklist shall not be appointed, and rules on recusal from positions shall be strictly enforced. SOEs shall establish and improve full-process digital management systems, strengthen look-through management of underlying projects and assets, and standardize fund investment and exit management. Incentive and restraint mechanisms oriented toward long-term operational performance and functional effectiveness shall be established and improved.

9

Establish and improve a whistleblower mechanism for private funds, set up reporting channels, enhance supporting measures, and strengthen the protection of whistleblower information, thereby giving full play to the role of social oversight and early warning. Where local authorities or departments identify major violations, disciplinary breaches, or illegal activities involving private funds, they shall promptly report such matters in accordance with procedures to the China Securities Regulatory Commission or its local offices, which shall take enforcement action in accordance with the law. Relying on the comprehensive public security governance system, grid-based management shall be utilized to conduct joint inspections, enabling early detection, early intervention, and early enforcement against institutions and activities that evade financial supervision or engage in illegal private fund operations. Strengthen the review of cross-border capital flows.



Severely crack down on illegal fundraising, misappropriation or diversion of assets, self-financing or self-dealing, improper benefit transfers, unlawful cross-border capital movements, and the involvement of private funds in illegal public fundraising schemes and increase penalties in accordance with the law. Public security authorities, under the leadership of local people's governments, shall promptly and strictly combat private fund-related criminal activities that involve significant risks, egregious circumstances, or broad impact. Public security authorities and the China Securities Regulatory Commission and its local offices shall improve coordination mechanisms for combating suspected criminal activities involving private funds. For major cases spanning multiple regions or sectors, efforts shall be made to establish and improve joint supervisory and case-handling mechanisms, strengthen coordination in investigations, enhance professional guidance, and promote information sharing.

IV Prudent Risk Mitigation and Resolution

Private fund managers that have committed serious violations of laws or regulations shall be deregistered without exception. Private fund managers that, due to abnormal operations, failure to conduct substantive business activities, or other reasons, are no longer able to continuously meet registration requirements, or that have been unreachable for an extended period and have failed to rectify their situation as required, shall be deregistered within a prescribed time limit. Concurrently, efforts shall be made to ensure adequate risk disclosure and investor protection, and to support the people's governments at the provincial level and state-planned cities in prudently resolving related risks.

For institutions whose business entity names or business scopes contain terms relating to private funds but that have not completed private fund registration and filing, guidance shall be provided to ensure they apply for registration and filing in accordance with regulations. For institutions that have failed to apply for private fund registration and filing as required, that do not meet registration and filing requirements upon review, that have already had their private fund manager registration cancelled, or that have completed private fund liquidation, the local offices of the China Securities Regulatory Commission (CSRC), upon confirmation, shall coordinate with the financial regulatory departments of the people's governments at the provincial level and state-planned cities to lawfully and orderly facilitate the deregistration of such business entities, and the modification of their business entity names and business scopes. Market regulation authorities shall promptly process such changes. For institutions that refuse to apply for deregistration or modification of business entity registration in accordance with regulations, market regulation authorities shall, in accordance with the law, replace the enterprise name with its Unified Social Credit Code in the National Enterprise Credit Information Publicity System and apply corresponding labels such as "Private Fund Registration Not Completed," "Private Fund Manager Deregistered," or "Private Fund Liquidated," and may



revoke business licenses as necessary to ensure regulatory compliance and orderly market cleanup.

13

Timely sharing of key information on private funds, major special actions, key institutions, and relevant personnel shall be ensured. The financial regulatory departments of the people's governments at the provincial level and state-planned cities, together with the local offices of the CSRC, shall jointly establish a normalized consultation mechanism for private fund risk prevention and resolution, strengthening the analysis, assessment, and response to risk-related leads.

14

The resolution of risks involving private fund managers shall be organized and implemented by the people's governments at the provincial level and state-planned cities where such managers are registered, in coordination with the CSRC and other relevant departments. The people's governments at the registration locations shall promptly ascertain the full scope of relevant entities, formulate risk mitigation and resolution plans in accordance with market-oriented and law-based principles, and carry out asset recovery, asset verification, and distribution and exit arrangements, while avoiding the creation of expectations that public resources will be relied upon for risk resolution. Private fund risks shall be resolved within the framework of local risk resolution mechanisms. The CSRC and its local offices shall actively support local governments in risk mitigation and resolution and perform related enforcement and penalty functions. Where multiple private fund managers controlled by the same ultimate controller across different regions encounter risks, the responsibility for leading risk resolution shall, in principle, be assigned in the following order: the location of the headquarters' registration, the location where the core enterprise pays corporate income tax, and the location where senior management personnel pay individual income tax. Private funds shall not be used to illegally raise debt, resolve the debts of problematic enterprises, or otherwise create new sources of risk.

V Promoting Regulated and High-Quality Development

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Urge private fund managers to improve their internal control and risk management systems in accordance with their business types and stages of development. Encourage investors to exercise oversight through private fund contracts, thereby promoting the standardized operation of private fund managers. Strengthen qualification management, assessment, and training for senior management personnel and key position holders of private fund managers. Urge private fund institutions and practitioners to fulfill their obligations of honesty, integrity, prudence, and diligence. Increase industry self-regulatory measures against violations of laws and regulations. Establish a blacklist system and publicly disclose major non-compliant institutions, contributors, and practitioners. Vigorously promote the development of a healthy industry culture within the private fund sector.



16

Foster and regulate private fund custodians and intermediary service institutions—including those engaged in auditing, distribution, valuation and accounting, and legal services—and strengthen supervision to ensure they perform their duties in accordance with laws and contractual obligations. Ensure that these institutions effectively fulfill their supervisory and restraining roles in fundraising, investment operations, safeguarding private fund assets, and information disclosure, thereby promoting the standardized operation of private funds.

17

Expand the sources of capital for private equity funds and venture capital funds through multiple channels, and cultivate and develop patient capital through diversified approaches. Promote the deep integration of patient capital with scientific and technological innovation. Further broaden diversified exit channels. In the processes of private fund registration and filing, provide priority support to private equity and venture capital funds that invest early-stage, small-scale, long-term, and in hard-tech projects, as well as merger and acquisition funds that integrate key core technologies and strategic emerging industries. Better implement differentiated regulatory requirements for venture capital funds as provided by relevant laws, regulations, and policies, and strengthen leading venture capital institutions. The China Securities Regulatory Commission and the National Development and Reform Commission shall further optimize information sharing on venture capital funds.

18

Guide private securities funds to provide diversified support for optimizing asset allocation for medium- and long-term capital. Cultivate institutional investors such as fund-of-funds. Enrich investment strategies and product types to meet residents' needs in wealth management and asset allocation. Guide private securities fund managers to enhance their governance capabilities and risk prevention and control mechanisms.

VI Safeguard Measures

The China Securities Regulatory Commission, together with relevant departments, shall give full play to the role of existing coordination mechanisms—such as the Inter-Ministerial Joint Conference on the Rectification and Standardization of Various Trading Venues—strengthen overall coordination, enhance the effectiveness of administrative supervision, and reinforce regulatory capacity in the private fund sector. The National Development and Reform Commission, the Ministry of Finance, the State-owned Assets Supervision and Administration Commission, financial regulatory authorities, and other relevant departments, as well as the people's governments at the provincial level and state-planned cities, shall strengthen organizational leadership, refine implementation measures, and ensure effective coordination. All relevant entities shall, in accordance with their respective responsibilities, enhance policy communication and guidance, continuously carry out training and experience-sharing activities, and fully implement all assigned tasks.

