

## Red tapes removed for company name registration

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#### In brief

- » Company name registration can be done now via an online system.
- » A company name can be reserved for two month before a formal registration.

Feedback

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**In detail**

On 28 December 2020, China issued the “Administrative Provisions on the Registration of Company Names” which will come into effective on 1 March 2021. Comparing to the previous version (dated 2012), the latest version has made some major changes to the application method, the forms of a company name and the clauses on the breach of the regulations.

**» Application method**

Local governments at provincial or near provincial level are tasked to establish a company name registration system and share it with the public.

The applicants can submit their application to the system by themselves or by personal visits to the local authority’s office. This allows the applicants verify, filter and finalize a name selection by themselves.

A name can be preserved before a formal registration. The new mechanism has granted a name reservation period of two months, and one year for those which need any special reporting and approval.

**» Form of a company name**

A company name should consist of a location name, a trade name, a sector name, and the type of the entity.

Wordings like “China”, “central government”, “national” and “state” would be strictly scrutinized and approved per the relevant regulations. Foreign-invested enterprises wholly funded or controlled by a majority stake are allowed to use “(China)” in their name.

Branches should use the same name as their parent company’s, with a suffix of “branch company”, “branch factory” or “branch outlet”. A Chinese branch of an overseas company should also state their country of origin and organization form.

**» Mechanism for controversy handling**

Companies finding any potential infringement to their company names can raise a lawsuit or request the name registration authorities to take necessary actions.

If requested by a court verdict or by a name registration authority’s decision to stop using a name, the company should stop the infringement by using its registration ID code as a temporary name, and change its name within 30 days. Otherwise, it will be classified as an abnormal company in the official record.

**WTS China observation**

The new mechanism will make a name registration task much simpler and convenient. One of the benefits is allowing the company to make the name registration by themselves. The 2020 version has removed the red tapes of verification and approval. It grants more flexibility to the companies on deciding their own name.

In practice, some cities have already pioneered in the new mechanism. Like in Shanghai, the name registration procedures used to take a week or two. Now reportedly its new online system has cut the time dramatically to 24 hours.

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